# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Carter drops B-1 bomber

President Carter has withdrawn the B-1 bomber from the U.S. strategic armoury. At a conference yesterday he said that production and development of the B-1, designed to take the place of the B-52 should also cease.

The defence establishment in Washington had argued strongly in its favour and, earlier this week, the House of Representatives voted to allocate funds for its development. The President claimed that the Cruise missile had made the B-1 irrelevant. Back page

### Rhodesia to spend more on defence

Rhodesia's defence spending will rise by 44 per cent. in the next year to £132m. according to public expenditure estimates tabled in the Rhodesian House of Assembly. At least another 70m. will be provided under various other votes taking the total cost of defence to more than £190m. Back page

### Woman jailed

An Englishwoman, Jane Wright, was jailed for a year after being found guilty of illegal entry into Somalia. With four other people she had been charged with spying after their yacht ran aground near Hafun, Northern Somalia. All were acquitted on the espionage charges, but Miss Wright's companions were also jailed for between one and two years for illegal entry. Somalia denies murder attack. Page 7

### Bombing sentence

Vincent Donnelly was sent to jail yesterday, with the recommendation that he serves at least 30 years, after being convicted at the Old Bailey of six charges in connection with last year's bombing of an underground train at West Ham — including the murder of the train guard.

### School meal campaign

Unions representing more than a quarter of the TUC's members have launched a campaign against the proposed increase of 10p in the price of school meals. They have threatened to withdraw their support for any form of new pay deal unless the Government rescinds the increase. Page 15

### Annan attack

The Annan Committee has been accused of "serious misjudgment" in rejecting the independent television companies application for a second commercial channel, ITV 2. The committee recommended that a fourth channel should be allocated to a new authority. Page 9

### Appeal fails

An appeal by Mr. John Stonehouse against five of the 14 charges for which he is now serving a seven-year prison sentence was dismissed in the House of Lords yesterday.

### Briefly . . .

Jimmy Connors is to meet Bjorn Borg in the Wimbledon men's final to-morrow. Connors beat John McEnroe 6–3, 6–3, 4–6, 6–4 and Borg beat Vitas Gerulaitis 6–4, 3–6, 6–3, 3–6, 8–6. Page 2

Silver Jubilee exhibition of British industry and commerce opens in Hyde Park to-day.

Air France is to introduce daily flights for Concorde between Paris and Washington on July 11.

An office and shopping complex is to be built in the centre of Londonderry by the Northern Ireland Office at a cost of £5m.

Caxton Hall is to be closed as part of a move to save Westminster City Council £25,000 a year.

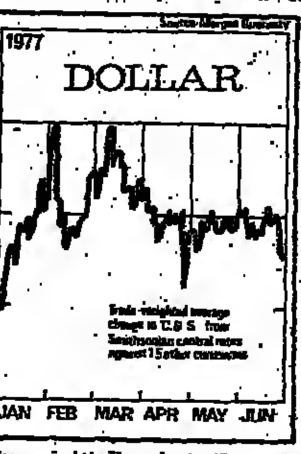
### BUSINESS

## Pressure on gilts; equities unsettled

● GILTS showed further losses as selling continued in an unenthusiastic market. The FT Government Securities Index slipped 0.30 to 67.89.

● EQUITIES finished with little change; but the overall tone at the close was still uncertain. The FT 30-Share Index, down 2.1 at 10 a.m., ended at 456.3, up 0.1 on the day.

● STERLING eased 13 points to close at $1.7197, but its trade-weighted index was unchanged at 61.3. Dollar continued to weaken initially, but then recovered some lost ground. Its trade-weighted depreciation widened to 1.48 (1.42) per cent.




● GOLD rose 50c to $143.125.

● WALL STREET rose 2.97 to 916.30.

● U.S. MONEY SUPPLY: M1 $322.3bn. ($32[illegible]bn.); M2 $773.7bn. ($770.9bn.); commercial and industrial loans down $19m. (up $611m.); fed funds 5.43 (unchanged); 90-119 day paper 5.40 (5.43) per cent.

● EUROPEAN countries, including Britain, dismantle more tariff barriers to-day, creating a wider free trade area for manufactured goods. U.K. manufacturers now have a home market of nearly 300m. people in 16 countries, said Mr. Edmund Dell, Trade Secretary. Page 8

### Leyland goes on with bus project

● LEYLAND will go ahead with manufacture of its controversial new double-decker bus, the B15, even though it has failed to form a consortium with its main customers to pay for the vehicle's development. Page 9

● PETROL STATIONS must display prices clearly or face fines of up to £400 under new rules to come into force on August 12. Page 9

● OIL IMPORTS fell by about £390m. in the three months to the end of April. With more North Sea oil coming ashore, the U.K. is relying less on imports of Middle East crude. Page 9

● GAS CHARGE rebate may not be the best way of using any excess profit made by British Gas, according to a director of the National Gas Consumers' Council. The money could be used in other ways to give consumers a lasting advantage. Page 9

● INSURANCE companies made an underwriting loss of £57.4m. in their normally profitable U.K. business last year—after heavy pay-outs on storm damage and on subsidence caused by the hot, dry summer. Back Page

● PRE-TAX PROFITS of industrial companies which issued full reports and accounts last month were up 44.1 per cent. on a year ago. Page 9

### COMPANIES

● RENOLD lifted pre-tax profit to a record £14.13m. (£11.35m.) in the 53 weeks to April 3. Page 23

● DUNFORD and Elliott made a turnround from a pre-tax loss of £0.59m. to a £1.69m. profit in the 26 weeks to April 2. Page 22

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Aaronson Bros. | 66 | + 5 |
| Boosey & Hawkes | 164 | + 9 |
| Brocks | 139 | + 6 |
| Concrete | 128 | + 6 |
| De La Rue | 317 | + 17 |
| Hays | 58 | + 5 |
| Ibstock (J.) | 246 | + 10 |
| Hawthorn Leslie | 71 | + 3 |
| Hellenic & General | 30 | + 3 |
| Lion Timber | 106 | + 4 |
| Ross Group | 217 | + 12 |
| [illegible] | 48 | + 3 |
| Jenstone Invs. | 32 | + 2 |
| Pauls | 147 | + 7 |
| Simpson A. | 42 | + 3 |
| Stead & Simpson A. | 121 | + 11 |
| Stanley A. | 318 | + 11 |
| Cray Electronics | 94 | + 5 |
| Whitecroft | 202 | + 14 |
| British-Borneo | 184 | + 18 |
| BP | 934 | + 8 |
| LASMO 'Ops' | 340 | + 12 |
| Warren Plantations | 208 | + 8 |
| Blyvoor | 263 | + 8 |
| De Beers Dfd. | 355 | + 6 |
| Free State Geduld | 930 | + 32 |
| Pres. Steyn | 520 | + 29 |
| Southern Malayan | 190 | + 8 |
| Union Corp. | 228 | + 6 |

FALLS

| | | |
|---|---|---|
| Exchqr. 12pc 1981 | £106 | − [illegible] |
| Treasury 11pc 1991 | | |
| (£15 Pd.) | £13 | − [illegible] |
| Blackman & Conrad | 30 | − 3 |
| Carrington Invs. | 20 | − 3 |
| Cawdaw Industrial | 57 | − 3 |
| Lucas Inds. | 283 | − 8 |
| Lyons (J.) | 91 | − 4 |
| Redfearn Nat. Glass | 205 | − 8 |
| Shaw Carpets | 21 | − 3 |
| Thermal Syndicate | 125 | − 5 |

* Price at suspension.

# Beaverbrook agrees to £13.69m. Trafalgar takeover

BY MAX WILKINSON

**Beaverbrook Newspapers, publisher of the Daily and Sunday Express and the Evening Standard, accepted last night a £13.69m. takeover offer from Trafalgar House, the shipping and property group. The deal ends months of speculation over the future of the three papers, but the City in-fighting continues.**

Trafalgar, which owns the Cunard line and the Ritz Hotel, increased its offer by £1m. yesterday before it was accepted by the proprietor, Sir Max Aitken and family trustees, who control the voting shares. The deal is subject to approval by the Takeover Panel and the Monopolies Commission.

Last night Sir James Goldsmith, head of Cavenham Foods, whose proposals were rejected by the trustees, protested that the bid was unfair to Beaverbrook non-voting shareholders. Sir James, who has 40 per cent. of the non-voting shares, promised to fight for better terms for non-voters.

If, as seems likely, the deal goes through, the Express will maintain its traditional character as a "crusader." Mr. Victor Matthews, managing director of Trafalgar, said it would be a family newspaper, a patriotic newspaper, a support for capitalism and a paper for good news.

The Evening Standard, one of London's two evening newspapers, which was threatened with closure after Easter in a deal planned with Associated Newspapers, now seems to have a secure future for at least the next few years.

Trafalgar expects to put in extra cash to pay for possible redundancies and to promote the newspapers, as well as to pay off Beaverbrook's considerable debts.

Mr. Matthews strongly denied that the takeover was an asset-stripping operation. He was firmly committed to the survival of the Standard and the Daily and Sunday Express.

"By and large, the Editors will have complete freedom as long as they agree with the policy I have laid down," he said.

"This is: Believe in Britain and look for the good things." He added: "I will be seeking to create a family newspaper which cares about Britain.

"It means more concentration on certain sectors, factual reporting and less sensational building-up of something which is ill-founded."

### Three-year span

Mr. Matthews is to take over as chairman and chief executive when the deal is completed. Sir Max Aitken, whose father, Lord Beaverbrook, built up the newspaper empire, will be life president and will get a seat on the Trafalgar Board. Mr. Jocelyn Stevens, the joint deputy chairman, will continue as managing director.

Mr. Matthews said he hoped to put the company back into substantial profits by the end of three years.

"We are a commercial organisation and I am here to make profits, but I am also here to keep going a very important newspaper group, losing £2m. when it should be making £10m.

"There is no specific time limit, but if after three years I could not see the thing going well, it might be better to let someone else have it."

Rothschilds Bank, acting for Beaverbrook, disclosed last night that Trafalgar had bought the 78 per cent. of voting shares held by Sir Max and the Beaverbrook trusts.

Mr. Matthews hopes that Sir James Goldsmith will sell his 5m. non-voting shares to Trafalgar at a profit, since he is estimated to have paid about 35p each for them.

"We will need capital, and Trafalgar would not be able to provide it if Beaverbrook were not wholly-owned," he said.

Sir James said last night that he had written to the Takeover Panel saying among other things that there were only 1.6m. voting shares to 13.7m. non-voters. Since the trustees own the majority of the voting shares, he claims that only about 1 per cent. of the total issued capital is available in the stock market in the form of voting shares.

He wanted an independent merchant bank to judge the merit of his claim.

Associated Newspapers, whose plan to buy the Standard was prevented by the intervention of Sir James, faces the acute problem of what to do with its London Evening News, which has an estimated loss of about £5m. a year.

Trafalgar for Beaverbrook Page 20
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# British plan to improve air defences

BY MALCOLM RUTHERFORD

THE GOVERNMENT is putting a major effort into air defence policy because it now realises that Britain is vulnerable to conventional air attacks from the Soviet Union.

The possibility of such attacks was referred to briefly in the Defence White Paper but is now being spelled out in much more detail. So is the British response.

The Soviet threat is seen as coming mainly from two aircraft which are being steadily improved—the Backfire and Fencer fighter bombers.

The threat from the Backfire is regarded as particularly serious because its long range would enable it to fly north of Scotland and then approach Britain from the west. Air defences have not previously been designed to face any such possibility.

The Fencer could reach Britain by a direct route from bases in East Germany. Its chances of getting through would be high because until recently it was believed in Whitehall that a conventional air threat did not exist, so that present defences are inadequate.

Not only has the Soviet Union developed the ability to mount such an attack; it is now argued that in the event of a European war it would have some incentive to do so at the outset because of the concentration of allied air power that would be located in the U.K.

Much of this would consist of reinforcements flown in from the U.S., and the Soviet Union might well wish to seek to destroy them before they could be used to launch counter-attacks in defence of the European mainland.

Britain aims to meet the new challenge by strengthening all the elements of air defence. A programme of "hardening" the air bases to make them resistant to conventional attack is now under way, and is being partially funded by NATO.

Radar and early warning systems are also being improved. The Nimrod airborne early-warning system will become operational in the early 1980s, and will provide radar cover of low-flying aircraft. No such cover exists at present.

Changes are being planned too, in the deployment of surface-to-air missiles (SAMs) used to protect air bases. This will involve withdrawing some Bloodhound missiles from the protection of RAF Germany.

The Government is also planning more Rapier missile sites. It is not ready to announce all the locations.

A large part of the responsibility, however, will rest on manned aircraft. Already about 25 per cent. of RAF combat aircraft are deployed full time in air defence, but some are ageing, and future plans rely heavily on introduction of the Anglo-German-Italian Tornado. The air defence variant of this aircraft will come into service in the mid-1980s.

It is not thought in Whitehall that any threat from the Backfire and Fencer force is necessarily imminent. But it is feared that it will become steadily more serious as the aircraft are increased in numbers and improved in quality. The new British emphasis on air defence is designed to keep pace with that build-up.

# Clearing banks urge changes in financial controls

BY MICHAEL BLANDEN

CHANGES IN the controls and incentives applied to different types of financial institutions, together with improved techniques of monetary policy, have been suggested by the London clearing banks in their first submission to Sir Harold Wilson's committee studying in the City.

The banks suggest in the evidence published to-day that shortcomings in the financial system and in the availability of funds for industry have not been a major factor in holding back industrial investment or in contributing to the country's relatively poor economic performance.

They reject, in particular, too close an involvement by the banks in industrial companies. "The clearing banks would regard it as dangerous to confuse the roles of banker and proprietor/manager of a business," they say.

While the financial system had generally been effective in meeting industry's needs, however, the banks see two present areas of difficulty: lending for terms of between 10 and 20 years, where their deposit structure precludes them from participating to any significant extent, and the provision of equity finance for smaller developing businesses.

Among the issues directly affecting their business, the banks draw attention to the substantial amounts of medium-term finance being provided. They calculate it as over 40 per cent. of direct lending to industry and trade and over 47 per cent. if export finance schemes are included.

They doubt whether further great expansion of medium-term lending is possible on the present predominantly short-term deposit base.

The banks have therefore revived the idea of establishing official refinance facilities for medium-term lending—discussed with the authorities over the past year—and indicate that they will consider seriously offering floating rate notes as part of an effort to increase their ability to attract longer-term funds.

The evidence submitted by the Committee of London Clearing Bankers, representing the big banks, also suggests changes in official controls which would affect such competing institutions as the building societies, the National Savings movement and the life assurance companies.

The banks argue that at

Continued on Back Page

# Talks on Grunwick inquiry to-day

By Christian Tyler, Labour Correspondent

BOTH SIDES of the bitter Grunwick dispute will to-day attend a preliminary private session of the court of inquiry set up by Mr. Albert Booth, Employment Secretary, yesterday.

Mr. George Ward, managing director of the North London film processing company, and leaders of the clerical union APEX, which is seeking recognition there, are expected to meet in the chambers of Lord Justice Scarman, chairman of the court.

Later to-day, the union's national executive will consider how to reduce the mass picketing outside the Grunwick gates, in response to Mr. Booth's appeal in the Commons for both sides not to prejudice the chances of the court paving the way to a peaceful settlement.

Official pickets, however, will probably remain.

But last night Mr. Jack Dromey, spokesman for the 80 APEX members on strike, said pressure on the company should be stepped up because the court of inquiry's recommendations would not be binding on Grunwick.

Meanwhile the prospect that postal workers' blacking of Grunwick mail will widen into a postal strike all over London receded.

The Post Office failed to carry out its threat to suspend sorters at Cricklewood if they continued their blacking beyond yesterday morning.

As a result, the National Association for Freedom—which has been advising Grunwick throughout—said last night it was consulting its solicitors with a view to taking legal action.

During the emergency debate in the Commons that followed Mr. Booth's announcement, Mr. Sam Silkin, Attorney-General, made it clear that he had no intention at present of initiating any prosecution against the postmen.

Mr. Booth explained to the Commons that he had appointed the court of inquiry because his proposal to appoint an independent mediator had been "thwarted" by Mr. Ward of Grunwick.

The comparatively rare recourse to a judicial inquiry is intended both to defuse what Mr. Booth called "explosive situations" and to make recommendations that could lead to a settlement.

But its appointment comes at a time when the air is thick with legal actions.

It will be running parallel with a High Court hearing, starting on Monday, on Grunwick's challenge to the recommendation by the Advisory, Conciliation and

Continued on Back Page

# Larger EEC warning by Schmidt

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

CHANCELLOR Helmut Schmidt of West Germany is understood to have cast serious doubts on whether the European Community could maintain one of its fundamental principles, the free movement of labour inside EEC frontiers, if Greece, Portugal and Spain are admitted as new members.

He is believed to have suggested, during the two-day European Council of heads of Government which ended in London yesterday, that the new entrants would require lengthy transition periods to adjust to full EEC membership, and that this would lead to the development of a two-tier Community in which rich and poor member countries would progress at different speeds.

The meeting also ended amid strong indications that the Nine are wavering in their traditional commitment to Liberal external trade policies. All Nine leaders indicated publicly their concern that such policies could be contributing directly to worsening unemployment.

While they re-affirmed their belief in the principle of free trade, they did so in somewhat less emphatic terms than formerly.

### 'Damage'

A note of discord was struck at this, the last EEC meeting to be held during the present British presidency of the Council of Ministers, by an unusually strong protest from the Netherlands over the U.K.'s unilateral decision to ban herring fishing inside its 200-mile North Sea.

Mr. Max van der Stoel, Dutch Foreign Minister, told Dr. David Owen, Foreign Secretary, that the ban violated EEC philosophy.

He described the chairmanship of last Monday's Fisheries Council in Luxembourg by Mr. John Silkin, British Agriculture Minister, as a "disgraceful affair."

The Dutch Minister said he could not accept the serious damage which the U.K. action would cause his country's fishing industry. He would confer to-day with Mr. Max van der Stee, Agriculture Minister, apparently to see what steps could be taken to get the ban lifted.

Chancellor Schmidt's views on the problems of EEC enlargement have clearly been influenced by social and labour market difficulties at home.

He is understood to have pointed out that foreign workers and their families in Germany numbered 4m., or 6 per cent. of the labour force, and to have warned that a further increase could create a minorities problem.

The Nine leaders issued a statement emphasising the need for further steps to combat unemployment, especially among young people and women, by ensuring sustained economic growth and through national and Community-wide intervention.

They expressed concern that unemployment had been worsened by structural changes in the economy.

"The European Council also concerned itself with the effect on the unemployment situation of the open and liberal commercial policy of the Community, to which the Community, as the world's largest importer and exporter, remains strongly attached."

Mr. James Callaghan, the Prime Minister, who was chairman of the meeting, sought later to dispel the impression that this formulation went less far than previous statements in registering the Nine's commitment to free trade.

He conceded, however, that the "strict application of open and liberal trade policies" could create difficulties in specific sectors like footwear, textiles, shipbuilding, steel and electronics.

Mr. Callaghan said he was disappointed at the continuing deadlock over where to site JET—the EEC's thermo-nuclear fusion project.

But if no decision was reached, it might still be possible for a similar machine to be built in Britain in collaboration with two or more European partners, though outside the EEC framework.

### Advanced

The site of the future European Parliament and the salaries of its directly-elected members were also discussed.

Mr. Callaghan said that Britain seemed to be as far advanced as any EEC country in preparing for direct elections but indicated he considered some recent proposals for Euro-MPs' salaries to be too high.

The Government leaders approved an increase in outlays by the EEC Social Fund, though by somewhat less than the European Commission had sought.

But they gave short shift to a Commission proposal for $1.2bn. investment fund to aid industrial restructuring, development of energy sources and regional infrastructure.

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### £ in New York

| | June 30 | Previous |
|---|---|---|
| Spot | $1.7196-7201 | $1.7208-7215 |
| 1 month | 0.36-0.32 dis | 0.40-0.36 dis |
| 3 months | 1.37-1.32 dis | 1.36-1.31 dis |
| 12 months | 6.15-6.05 dis | 6.15-6.00 dis |



FEATURES



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LOMBARD

# Where capitalism still works

BY NICHOLAS COLCHESTER

AMERICANS must find it puzzling that other countries are now showing so much interest in direct investment in the U.S. The fashion has developed during a decade in which America has, by its own standards, had a crisis of self confidence. There has been political crisis, energy crisis, crisis of growth, a weak U.S. dollar, and security markets that have gone nowhere.

Yet the facts speak for themselves. A recent analysis by E. F. Hutton, the Wall Street investment bank, shows that foreign direct investment in the U.S. took off in the year of the oil crisis and of Watergate, rising from $14.9bn. in 1972 to an estimated $31bn. in 1976. All the signs are that the trend will continue in 1977—in the first quarter of the year there were 66 announcements of new foreign direct investments in America, compared with 52 in the first three months of 1976.

## Last decade

In retrospect, 1973 seems to have been a turning point in the investment aspirations of the Western world. Up till that time Europe was a growth market and it was understandable that the most conspicuous efforts of American multi-nationals should be directed there. The growth figures for the past decade underline the logic of this: France grew at a real compound rate of 5.3 per cent. West Germany at 4.9 per cent. In contrast the U.S. grew at just 2.5 per cent., with Britain lagging behind that. The American economy was vast but certainly not fast.

A combination of slow domestic growth and a common language has kept Great Britain in the forefront of the new trend. This country's aggregate foreign direct investment in the U.S. of around $6bn. still puts it in a different league from other industrialised countries. Yet the most conspicuous development of the last five years has been the U.S. investment of less large economies like France or Japan, both of whose direct U.S. investment has increased by 400 per cent. over the course of this decade.

It looks as though the American penchant for free enterprise is attracting the attention of foreigners at just that moment when the average U.S. executive is wondering if the business world will ever be quite the same again. Who would have thought that Jimmy Carter and his team would have found themselves captains of the "last bastion of capitalism." America may have changed, but Britain, France and hypochondriac Germany are convinced that they have changed faster.

Much stress has been laid on the 13 per cent. (trade weighted) devaluation of the dollar that has taken place since 1970—it seemed, on the face of it, that this allowed other countries to buy more in America for less. Yet the currency shifts have had only an indirect effect on a decision of a foreigner to invest in America, the great majority of such investment is financed through dollar borrowing. The real point is that a weak currency plus relatively controlled wage inflation have made what the foreigners are buying in the U.S. competitive in world markets.

A second factor is technology and America's mastery of it. Countries that have run out of growth find the lure of the new product particularly strong. A recent study by Arthur D. Little, the management consultants, found that in both Britain and West Germany "new technology companies" were in remarkably short supply when compared with the number of such companies that exist in the U.S.

## Management

Thirdly there is the question of management. Here judgments are very subjective and all Europe cannot be thrown into one basket. Yet one British group which invested in America recently found that the difference in productivity between a British and an American company—both making the same product—resulted not from production technology, capital investment, or the supposed sloth of the British workman, but purely and simply from the quality of middle management. Sound, methodical businessmen appear to be one of America's natural resources.

The clinching argument in favour of America must be the experience of foreign companies that have invested there. Earlier this year Morgan Grenfell and Co. published an interesting compilation of the experience of recent direct investors in America. The list shows up the duds where they have occurred, yet the majority of investments by foreign companies in the last decade have been financial successes, and in some cases spectacular coups.

WIMBLEDON — BY JOHN BARRETT

# McEnroe takes a set off erratic Connors

JIMMY CONNORS reached his third Wimbledon final in four years when he defeated fellow American John McEnroe 6—3, 6—3, 4—6, 6—4 in a two-hour 37-minute semi-final yesterday.

McEnroe, the 18-year-old amateur from New York, who had to battle through the qualifying rounds, ended a marvellously successful first visit to Wimbledon by taking a set from the world's No. 1 player, but on the whole the standard of tennis was a disappointment.

Although he served a wild double-fault in the opening game, the first of his eight in the match, McEnroe had the satisfaction of holding serve in his debut on Centre Court. In fact, he matched Connors stroke for stroke for the first six games, and McEnroe's father, who had flown in from New York to watch the match, must have considered the journey well worthwhile.

In the seventh game, however, McEnroe double-faulted twice and Connors broke through with a scorching forehand return. Another double-fault in his next service game put McEnroe in deep trouble at 3-5, and though he offset this mistake with an ace he could not prevent Connors taking the first set in 30 minutes.

Connor's greater experience of Centre Court conditions was invaluable in the strong swirling wind. When the former champion broke for a 4-2 lead in the second set on yet another McEnroe double-fault it looked as if the young pretender was on his way to a routine defeat.

The match was little more than an hour old when Connors went two sets up with a brilliant forehand passing shot which McEnroe acknowledged with the words "good shot!" So far it had not been one of Wimbledon's more memorable semi-finals, but it swiftly improved in the third set.

McEnroe tightened his wayward service and began to produce the occasional splendidly executed winner. Connor's game, in contrast, took a sharp downward turn, and his volleying in particular was sometimes disastrous.

Connors, in fact, had broken for 1—0 in the third set, but McEnroe, who had not previously been within a point of capturing his opponent's delivery, suddenly did so on his first break point when Connors struck a backhand volley just too long.

Having tasted glory McEnroe promptly struck again, catching the 1974 champion in the middle of a disastrously erratic patch. Connors led 40—15 only to put the ball into the net twice and out of court twice. As Connors's mistakes continued McEnroe had a point for a 4—1 lead, but Connors pulled his game together, won the next seven points and was back in the set at 3—3.

When capturing the service, Connors went in front 4—3, and it still looked odds-on a straight-set victory, but the determined McEnroe delighted the crowd with a superb top-spin lob, and broke back as Connors put a backhand volley into the net.

There was even worse to come for Connors in his next service game. McEnroe reached set-point with two gorgeous backhand passes and won it with another of equal merit.

The two men exchanged early service breaks in the fourth set, but McEnroe continued to thrill his supporters with some fine ground strokes.

The vital game was the seventh, in which McEnroe double-faulted for the eighth time and Connors broke after several deuces. At 5—4 Connors reached match-point with a penetrating backhand volley, but McEnroe bravely saved it with a lofted backhand return which fell just in. It was his final fling, however. Another backhand volley from Connors, another match-point, and this time the young New Yorker netted his return shot.

SALEROOM — BY ANTONY THORNCROFT

# Hockney work brings £26,000

THERE ARE still some buyers in that most volatile market, contemporary art. On Wednesday night Christie's sold over half the paintings it had on offer for £435,840 and there were some encouraging prices. Cy Twombly's *Bolsena* sold for £37,000, and four other artists set auction records, including David Hockney.

Hockney's *Man taking shower* went for £26,000. *Composition Asymetrique* by Antoni Tapies made £34,000; Karel Appel's *Phantom with mask*, £15,000, and a Soto work £4,500—all records for the painters.

At Sotheby's sale of contemporary art yesterday, again around half the lots sold for £563,590. This is a market supported by private collectors rather than dealers, and the collectors just cannot afford the prices these days. So the top lot at Sotheby's, Francis Bacon's *Study for a Portrait*, was unsold, although bidding went up to an impressive £72,000.

The top price, and an auction record for the artist, was the £22,000 paid by a Japanese collector for *Vegetaux* by Jean Fautrier. The Kasmin Gallery bought a Hockney, *The Most Beautiful Boy in the World*, for £8,800, and a Japanese bid secured *Concetto Spaziale*, by Lucio Fontana, for £6,500.

Other high prices were the £8,200 from Nahmad, an Italian dealer, for *Lowe von Venedig*, by Hundertwasser, and £8,000 for a composition by Maria da Silva. The Louisiana Museum in Copenhagen bought *Anthropometrie ANT 52* by Yves Klein for £11,200.

Christie's sold modern prints for £176,233, with some high prices. A lino cut by Picasso, *Buste de femme d'apres Cranach le jeune*, went for £22,000 and another Picasso lino cut, *Nature morte sous la lampe*, brought £14,000 from Somerville and Simpson. A lithograph by Edvard Munch, *Loslosung II*, realised £14,500.

A lithograph by Toulouse Lautrec, *Partie de campagne*, sold for £12,000, and another Munch lithograph, *Madonna*, £6,500. A woodcut by Erich Heckel, *Weisse pferde*, made £5,500.

The English furniture and oriental rugs sale at Christie's brought £215,280. A pair of late George III satinwood cabinets, each mounted with 42 rectangular paintings on glass, went for £10,500 to Keil, a London dealer. A pair of George III giltwood open armchairs in the French manner was bought by Mallett for £9,000.

RACING — BY DOMINIC WIGAN

# Round the course in Chinese

THE SANDOWN Eclipse meeting opens this afternoon with Hong Kong Day and what seems sure to be a strong Oriental flavour.

The Esher course caterers will offer a wide range of Chinese dishes to racegoers, many of whom are expected to be Chinese, and announcements will be in both English and Chinese.

The Royal Hong Kong Jockey Club has supported this, expected to be first in a long line of Hong Kong Days, by donating [illegible] made of Hong Kong jade.

Although only seven line up for the day's principal event, the 1¼-mile Hong Kong Handicap, this event should provide a fine spectacle, for all but Soledo have claims to serious consideration.

The two which interest me most are the Nick Vigors-trained Tiger Trail and James Bethell's Abercata, another from the Lambourn area.

Tiger Trail, a tough and remarkably consistent Great Nephew colt, who had a particularly fine season in 1976, winning four races for Sir Noel Murless, ran his best race for some time when third in the Gwen Blagrave Memorial Stakes at Salisbury recently.

Keeping on strongly in the closing stages of that event, Tiger Trail went down by 2½ lengths and a length to Bell-Tent and Slim Jim respectively.

With the fast ground in his favour and a 2-lb pull in the weights, Tiger Trail seems likely to reverse the placings with Slim Jim.

Abercata, a winner at Wolverhampton and Haydock in May, put up his best performance to date on the Knavesmire two weeks ago, defeating Traquair in the highly competitive Pasture Masters Handicap. In receipt of 15 lb, he is suggested as a live danger to the selection, Tiger Trail.

Thirty-five minutes after the Hong Kong Handicap some useful sprinters will line up for the Happy Valley Handicap, named after Hong Kong's ... famous racecourse. Here I ... rowing in with Bowling Al... trained by Edward Hi... brother, Tony.

A winner at Newmarket ... Wolverhampton last season, ... St. Alphage colt has not b... seen in public this term. Nev... theless he is reported ready to do himself full justice, and this is the case he seems cer... to go close off his attrac... handicap mark of 7 st. 13 lb.

Amun Ra, a high-class ... from Denys Smith's Bis... Auckland stable, lifted Epso... William Hill sprint on his ... sortie south, and he may re... sent the principal threa... Bowling Alley.

Following her easy success ... the Fern Hill Stakes, in wh... she drew right away from ... opposition in the final furlo... Apple Peel looks to have ... obvious chance in the J... Handicap.

While Southern racegoers ... collecting at Sandown, a g... sized crowd is likely to be ... verging on Haydock, where ... centre piece on an interest... card is the £6,500 Cock of ... North Stakes. Here I int... siding with the improving N... Lane, who completed a hat t... last time out when leading six lengths at Beverley.

SANDOWN
2.00—Elegante*
2.30—Ferdiligi
3.00—Tiger Trail**
3.35—Bowling Alley
4.10—Apple Peel***
4.45—Stage Girl

HAYDOCK
3.15—Wealth Tax
3.45—New Lane
4.15—Sleasanta
4.45—Star Harbour

HENLEY REGATTA — BY MICHAEL DONNE

# Two exciting races in prospect

ALTHOUGH THE American crews did not have it all their own way on the first day of Henley Regatta, the great majority capably disposed of the home-based opposition to ensure a fine day's racing to-day.

The first day is always relatively undramatic, the aim being to separate the good crews from the bad. With 76 races there were many indifferent performances, with Oxford and Cambridge colleges raising few hopes.

An example of the well drilled American rowing machine at work came early on in the race between Florida Technological University and the combined Oxford colleges of Worcester and Corpus Christi. Trailing a length behind in the early stages, the American crew never lost its rhythm and calmly stepped up its rating to row the opposition down, eventually coming through to win by three-quarters of a length.

A similar pattern prevailed throughout the day, illustrating the comparative lack of rowing discipline in British college and river clubs. With over 20 American crews still left in, it is difficult to see how some of the major trophies can fail to go across the Atlantic again this year.

Crews particularly worth watching over the next few days include the Washington University in the Thames Cup. London University may well meet them in the final on Sunday.

In the Ladies Plate crews to watch include First and Third Trinity, Cambridge—who were one of the few home crews to demolish American opposition yesterday—and Orange Coast College from the U.S. a very powerful crew that will take some beating.

The greatest interest to-day, must centre on the Grand Challenge Cup, where two thrilling races are in prospect. The British national eight in the shape of a combined Leander and Thames Tradesmen's crew, meet the victorious Oxford University boat race crew, while on the other side of the draw Harvard University meet the Irish police crew, Garda Siochana. These races are likely to produce clashes of giants.

The national eight, fresh from victories this season on the Continent and at Nottingham International regatta last weekend, will be out to add the Grand to its growing list of trophies, while Oxford University, if something below its boat-race form at the moment, will be seeking to redress the humiliating de... incurred at Nottingham.

The Irish police crew is ... unknown quantity, but, Harv... have a long and proud recor... Henley, and a fine con... appears in prospect, with ... final destination of the Gr... still wide open.

## Japan's colour TV exports di...

Japanese colour televi... exports fell 2.4 per cent ... 411,976 sets in May from 42... in April, but were up four ... cent. from 396,197 in May ... year, Reuter reports from To... The Electronic Industries As... ation of Japan attributed ... second consecutive monthly ... mainly to a slow down in ex... shipments to the U.S. ... Australia.

Exports to the U.S. were ... only 1.5 per cent. from May ... year, while those to Aust... dropped 31.2 per cent., exp... to Britain continued to ... sharply, however, to 12,024 ... in May from 7,629 in May ... year.

## TV/Radio

### BBC 1

† Indicates programme in black and white

6.40-7.55 a.m. Open University (UHF only). 1.5 p.m. Dechrau Canu Dechrau Canmol: Welsh hymn-singing. 1.30 Playboard. 1.45 News. 1.55 Wimbledon Tennis: Final of the Ladies' Singles. 4.18 Regional News (except London). 4.20 Play School (as BBC 2 11.0 a.m.). 4.45 Screen Test. 5.10 Stories Round the World. 5.35 Ludwig.
5.40 News.
5.55 Nationwide (London and South-East only).
6.15 Wimbledon.
7.00 The Wonderful World of Disney.
7.45 The Water Margin.
8.30 No Appointment Necessary.
9.00 News.
9.25 The Rockford Files.
10.15 To-night (London and South-East).
10.45 Regional News.
10.45 The Friday Film: "The High Bright Sun," starring Dirk Bogarde.

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 p.m. Tredwt. 5.55-6.15 Wales To-day. 7.00 Heddiw. 7.20 Sion y Ser. 7.45-8.30 The Wonderful World of Disney. 10.15 Slovak National Choir—Lucnica. 10.45-10.46 News for Wales.

Scotland—5.55-6.15 p.m. Reporting Scotland. 7.00 The Tom and Jerry Show. 7.15 The Food Programme. 7.45-8.30 A World of Music. 10.15 The Pleasure Is Mine. 10.45-10.46 News for Scotland.

Northern Ireland—4.18-4.20 p.m. Northern Ireland News. 5.55-6.15 Scene Around Six. 10.15 Katherine Kavanagh. 10.45-10.46 News for Northern Ireland.

England—5.55-6.15 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) On Camera; Midlands (Birmingham) Mother Muffin's Music Stand; North (Leeds) In Conversation; North East (Newcastle) Friday North; North West (Manchester) [illegible] Pack-horse Through Lakeland; South (Southampton) It's Your Bid; South West (Plymouth) Peninsula; West (Bristol) The History Makers.

### BBC 2

11.00 a.m. Play School.
1.00 p.m. Wimbledon Tennis.
7.30 News on 2.
7.40 Westminster Report.
8.05 Gardeners' World.
8.35 The Money Programme.
9.00 Call My Bluff.
9.30 I, Claudius.
11.10 Late News on 2.
11.20 Wimbledon (highlights).

### LONDON

9.30 a.m. Summer School. 10.15 Certain Women. 11.05 This Week. †11.30 Time To Remember. 11.55 The Woozies. 12.00 Kathy's Quiz. 12.10 p.m. Hickory House. 12.30 International Festival of Flowers and Music from Westminster Cathedral. 1.00 News. 1.20 To-day's Post. 1.30 About Britain. 2.00 Money-go-round Good Afternoon. 2.25 Racing from Sandown Park. 3.50 The Cedar Tree. 4.15 The Georgian House. 4.45 The Gene Machine. 5.15 University Challenge.
5.45 News.
6.00 To-day—London Looks Forward.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 The Many Wives of Patrick.
8.00 General Hospital.
9.00 Police Woman.
10.00 News.
10.30 Police 5.
10.40 The Friday Film: "What's Good For The Goose," starring Norman Wisdom.
12.30 a.m. Close — Archbishop George Appleton reads his own prayers.

All IBA Regions as London except at the following times:—

ANGLIA
[illegible]

ATV
[illegible]

BORDER
[illegible]

CHANNEL
[illegible]

GRAMPIAN
[illegible]

GRANADA
[illegible]

HTV
[illegible]

SCOTTISH
[illegible]

SOUTHERN
[illegible]

TYNE TEES
[illegible]

ULSTER
[illegible]

WESTWARD
[illegible]

YORKSHIRE
[illegible]

RADIO 1 — 247m
[illegible]

RADIO 2 — 1,500m and VHF
[illegible]

RADIO 3 — 464m, Stereo & VHF
[illegible]

RADIO 4 — 434m, 330m, 285m and VHF
[illegible]

London Broadcasting — 261m and 97.3 VHF
[illegible]

BBC Radio London — 206m and 94.9 VHF
[illegible]

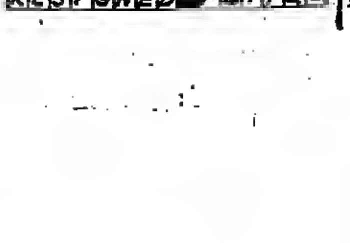
Capital Radio — 194m and 95.8 VHF
[illegible]

## F.T. CROSSWORD PUZZLE No. 3,419

ACROSS
1 Finished being looked after (4, 3)
5 Holiday movie giving protection from infection (7)
9 Declare it's a southern habit (5)
10 First book to bring content to single person (6, 3)
11 Hair fastening children's classic musicians they say (6, 4)
12 Like party to be in possession (5)
13 Fear to let daughter study (5)
15 Person with fat needs an economic problem (9)
17 Charge too much to get flimsy candle (9)
19 Discrimination is in a terrible state (5)
21 Fetch second-class trade combination (5)
22 Inclination members have for part of ceremonial drill (5, 4)
25 Banker takes in pigeon breeder outside (9)
26 Strange posting article right over property (5)
27 Move up and down on railway during operations (7)
28 Walk first before having to give up (7)

DOWN
1 Dutch leader is over-eccentric to throw out (7)
2 Born to eat on board out of necessity (9)
3 Ridiculous thing about church in distant parts (5)
4 Showing minister over part of west London (9)
5 Sound of Virginia taking cover (5)
6 Split in company over first person to have a role (4, 5)
7 Decreases clubs (5)
8 Tennis star willing to join football club (7)
14 Stage coach industry (9)
16 A trained paratrooper is worn out (3, 3, 4)
18 Employed domestically to make perfect delivery at Wimbledon (2, 7)
19 Snubs engineers with E. Kent Regiment (7)
20 Point to eastern scene's varied and distinctive quality (7)
22 Pub—the Queen Elizabeth next to the Ball (5)
23 Part of leg youth leader polished (5)
24 Notice first woman about to duck (5)

Solution to Puzzle No. 3,418



هكذا من الأصل



Cinema

# War as an art form

By GEOFF BROWN

Coup de Grace (AA)
Academy One
The Car (AA) and Day of the Animals (AA)
Plaza One, Warner West End and General Release
Rich and Strange
Covent Garden Cinema
3D Programme
National Film Theatre

After the blockbuster battle campaigns of last week's A Bridge Too Far, Volker Schlöndorff's Coup de Grace (German title, Der Fangschuss) offers us an Art Cinema war. The field of battle is an obscure nook of Eastern Europe, the images brief and suggestive, and all is in crisp black-and-white except the film's meaning. The time is the winter of 1919 and 1920, the place Balticum—once a part of the Russian Empire, but now its ownership seems to change hands daily among various nationalist groups, both Red and White. The bands most visible in Schlöndorff's film (derived from a novel by Marguerite Yourcenar) belong to the German Free Corps, who prefer to disregard Germany's defeat in 1918 and make a valiant stand against the Bolsheviks on behalf of western civilisation as they know it. Red guerilla groups are also in evidence. All action clusters round a vast crumbling mansion called Reval Castle, serving as a barracks for the German fighters; three childhood friends meet up there after many tribulations—Sophie (Margarethe von Trotta), her brother Konrad (Rüdiger Kirschstein) and his friend Erich (Matthias Habich).

Schlöndorff slowly unravels the tangled skein of their emotional and political allegiances, while striving to paint in the background a half-surreal picture of warfare. Among tha mansion's faded splendour, soldiers socialise with cup and saucer, listen to the gramophone, sing along at the piano, decorate and dance round a Christmas tree. Outside, explosions erupt from nowhere, troops trot on horses across snowy wastes. And a focal point for the film's fantastic tendencies is provided by the extraordinary and welcome presence of Valeska Gert, e dancer who became the surrealist's darling in the 1920's and whose bizarre features graced a few films of Renoir (Nana), Pabst (Dreigroschenoper) and Cavalcanti (Pett and Pott). Now wizened by age she looks more extraordinary than ever and exploits her grotesqueness with mincing precision as Sophia's dotty aunt Praskovia—a grand lady whose main contribution to the war effort is to cut up newspapers for sanitary use.

One is particularly glad of her presence because the film is desperately in need of a focal point to involve the audience directly in its maze of scenes and images. The other performers don't provide one, particularly Margarethe von Trotta who spends a fair bit of time feeling and looking unpleasantly miserable ("If I were happy, I wouldn't mind dying," she says). And while the ideological drift seems clear (towards the people, with whom Sophie allies herself, and away from aloof idealists like Erich), it is presented too dourly to be really persuasive.

★

Meanwhile, Hollywood continues to enact its Home Front version of World War Three with films of humans in mortal combat against everything from fish to fiends. Two recent battles form a double bill: The Car and Day of the Animals. The car in question is gigantic, black, with orange-coloured windows, no door handles and almost certainly no driver: it lurches noisily through a docile South-western township and environs, mowing down hitchhikers, cyclists and law officers — for reasons which no-one spends much time exploring. As a quiet-minded pedestrian I found much of this unentertaining, particularly as the car's attacks are heavily aignposted by Leonard Rosenman's brutish score, with its clangorous chords, sudden screechings and snatches of "Dies Irae." At the same time there's much to applaud here—certainly enough to remind one that the director, Elliott Silverstein, once made an indisputably good film, Cat Ballou, which revelled in the weyward behaviour of its characters. Much of the same feeling runs through The Car: instead of the cardboard cut-outs one has glumly come to expect, the people are all alive and kicking with individual problems, from marriage change-overs, drink or just general loneliness and middle-age misery. The acting follows the script in avoiding processed melodramatics. James Brolin is the deputy sheriff who bears the brunt of the car's attacks on his sturdy shoulders amongst a good supporting cast, R. G. Armstrong stands out as the town's bullying drunk, suitably employed in the explosives business.

★

The sterling qualities of The Car will emerge with blinding clarity as one sits through its support, Day of the Animals. Here the cliches are back in force: a team of people varied enough to fill the seats of any disaster-bound aircraft combat a menagerie of irate birds and beasts in the High Sierras, who pounce on them with teeth and claw after exposure to ultra-violet rays. Characters are drawn with laughably broad strokes, from the former football star stricken with cancer to Ruth Roman's divorced Jewish mum ("I should be in Beverly Hills, where any civilised person should be!"). Where The Car sensibly left scientific logic behind, Day of the Animals is boringly and needlessly full of it. The team includes a bespectacled professor (Richard Jaeckel) ever ready to soften the film's meagre thrills with a fact or philosophical nugget: when someone asks him how the animals opened their food supplies, he answers, in the week's grimmest line, "Simple—engineering skills learned from evolutionary adaptation."

★

If more sensible fare is required this week one has to dip into the past. The Covent Garden Cinema in King Street, W.C.2, have a batch of Hitchcocks in their current programme — Blackmail, I Confess, Strangers on a Train and one comparative rarity, the 1932 Rich and Strange, made at Elstree by British International. Its title is completely justified, for many strains in the later Hitchcock are present here in tentative form — the picaresque adventure unfolding over widely flung locations (as in North by Northwest), the concern with the fugitive couple, the pricking of the characters' complacent exteriors.

The film concerns itself with the comical-sad drabness of middle-class living. Our hero and heroine (Henry Kendall and Joan Barry) are seen enduring a life blighted by routine office work, rush hour travel, awful weather and tedious radio broadcasts ("Mr. Baker will give his twelfth talk on accountancy in three minutes"). But enough is enough, they decide, and break out from their terraced suburbs, embarking on a world cruise in a less-than-luxury liner. Yet they struggle to keep up the suburban code: at the Folies Bergère in Paris the wife mutters in alarm, "Oh—the curtain's gone up too soon, they're not dressed!" But they soon confront life's hard facts more directly: both drift into romantic complications with other partners, their ship collides and sinks, they are rescued by a Chinese junk and wolf down a meal fashioned—they discover afterwards—from the ship's cat. The couple finally return home more aware of each other, yet still yearning for the old cosy domesticity: being British, their sea change into something rich and strange has been only temporary.

This modest and suggestive narrative is relayed with the kind of impish cinematic panache found all too rarely in British films of the time. Hitchcock wasn't alone in being alert and imaginative, of course—there was Asquith, and rising talents like Robert Stevenson or Carol Reed. But Hitchcock was somehow able to perfect his subject-matter as well as his style, being only rarely cast adrift on uncongenial trifles. Rich and Strange has never received the critical and popular attention awarded to The Thirty-Nine Steps or The Lady Vanishes, yet it emerges to-day as being just as cogent and far more personal.

★

More rich and strange items can be found at the National Film Theatre in an hour-long programme of 3D shorts from the early 1950's, running every weekday at noon (and open to the public) for the next three months, beginning on Monday; 3D glasses are available at the door, and please return them afterwards. For those who can take it, this plunges us back to the heady days when the Festival of Britain and the Coronation heralded a Brave New World—both fancifully highbrow and stodgily patriotic—before disillusion and stagnation set fast. At the South Bank Exhibition's Telecinema (the first home of the NFT), visitors were given samples of new devices called stereophonic sound and three-dimensional images, all in an effort to boost realism. The NFT's current selection revives some of the Festival items along with later experiments. Here are Norman McLaren's wiggling and gyrating abstract shapes in Around is Around: the sports film Eye on the Ball gives us snooker, badminton, Denis Compton throwing googlies and footballers wearing shorts baggy enough to house two pairs of legs. There are documentaries accompanied by precious commentaries which never call the Thames the Thames when they can call it "that historical waterway" or "river of Royal swans." As a visual experience the films survive only as curios: the live-action material looks much less real than it does in normal films (one always seems to be peering at a model village) and McLaren's essentially footling style leaves the potential of 3D animation still wide open for exploration. But as a dip into history, this programme is certainly one to savour.

Valeska Gert in 'Coup de Grace'

Book Reviews are on Page 14

Jerome Pruett, Richard Cross and Janet Perry

Trevor Humphries

Judi Dench and Donald Sinden in the Royal Shakespeare Company's production of 'Much Ado About Nothing' which opened last night at the Aldwych

Elizabeth Hall

# Sanskritik

by MAX LOPPERT

The 7th Festival of the Arts of India has almost completed its London programme. If Wednesday's recital, fourth at the Elizabeth Hall this month, was typical of the whole, then the 1977 enterprise has been feasting eye and ear as prodigally as in seasons past.

The evening was a great festive pudding stuffed with plums, exotic spices and heady liqueurs—digesting it all proved as strenuous as it was delicious. In the second half, the succession of three substantial slices of dance, representing the Bharata Natyam, Orissi and Kathak schools respectively, was perhaps excessive in its generosity—or else it was the ordering of the ingredients that was at fault, not the quantity.

In any event, the three dancers were each spell-binding virtuosos with the power to compel and fascinate even the only half-comprehending eye through long numbers. The Orissi dance, closely simulating the exquisite sculptured figures and friezes of the great temples of Orissa (in the words of the useful introductory brochure published for the festival) was new to me; the dancer, Sanjukta Panigrahi, complete mistress of an antique, sculpted kind of coquetry verging on the bizarre, was at her most dazzling in an allegorical dance-mime moving from pose to delicate, fleet movements.

The purely musical items were kept for the first half. These consisted of a long, enchantingly melancholy sole raga for the singer Naina Devi; and a "composite" raga in which singer (Lakshmi Shankar), violin, shenai (an Indian relative of the oboe) and flute matched and alternated passages of intricate melody. As samplers of the wealth of Indian vocal music, the pieces were heard to great effect—though such was the artistry of all the performers that it was a deprivation not to encounter each at greater length.

But then, the intention of the festival is presumably as much introductory and didactic as festive; once caught up in the richness of all the arts on display, the newcomer is tempted to follow up individual or special interests later. The purpose is admirable; and its only relatively unhappy note (apart from those transmitted from time to time by the inevitable amplification) was sounded in the programme, where the appeal for money by the Centre of Indian Arts, the organisation on which the festival is based, is more urgently worded than ever.

## Orchestral Masses at St. Paul's

This year there are five Sundays in July and, as has now become the custom, Holy Communion will be celebrated at 11.30 a.m. under the dome of St. Paul's with special music, sung by the Cathedral Choir, accompanied by St. Paul's Chamber Orchestra on the first four Sundays and by the organ on July 31, when Kodaly's Missa Brevis will be sung.

Mozart's Coronation Mass will be sung on July 24 and Haydn's Nelson Mass on July 10. The settings for July 3 and 17 are Missa St. Joannis de Deo by Haydn and Missa Brevis in B (K 194) by Mozart, respectively.

## Amanda Barrie for 'Donkey's Years'

Amanda Barrie takes over the only female role in Donkey's Years at the Globe Theatre on July 18 as Michael Frayn's comedy enters its second year.

Roger Hammond also joins the remaining cast which includes Peul Eddington, Ian Hogg, John Quayle, John Quentin, Michael Rothwell, A. J. Brown and Christopher Northey.

Glyndebourne

# Die schweigsame Frau

by RONALD CRICHTON

After the initial success at Dresden in 1935, Strauss's Die schweigsame Frau was banned by the Nazis because Stefan Zweig, the author of the libretto, had Jewish blood. Politics, however, have little to do with the opera's failure to establish itself securely in later years. A Covent Garden production conducted by Kempe left no strong impression, Felsenstein then produced the work in East Berlin, a Salzburg staging under Böhm (the original conductor) with Hotter in the leading role is still admiringly remembered from 1959. Five years ago Munich brought Strauss's love-child to Covent Garden again. On Wednesday, Glyndebourne added the score to their growing Strauss repertory in a production by John Cox, conducted by Andrew Davis, designed by Michael Annals.

One learns to be wary of hasty judgments of late Strauss. So often the torrent of hustle alternating with euphony, the short, faceless themes woven into paragraphs with masterly but exhausting skill, turn out to contain unexpected depth of feeling, unperceived nuggets of gold, shafts of acute characterisation. There are good things in Die schweigsame Frau. The "pot-pourri" Overture (Strauss's own description) is a tingling orchestral scherzo, much of the broadly diatonic, sentimental writing for the principal character Morosus is hard to resist. The duets for Morosus and his mock wife, for the girl and her true husband share much the same lyrical vein. There are brilliant, rapid ensembles: amusing, swift parody and sound-painting.

Yet this Glyndebourne performance, excellent in many ways, left the impression of less substantial musical interest than Capriccio (whose subject was of vital concern to the composer) and of less brilliance than the autobiographical strip-cartoon that is Intermezzo (Die schweigsame Frau has autobiographical elements too, but they are more remote). I hope in a year or two's time to be able to eat at least half of these words. Meanwhile, the immediate impression must be set down.

To some extent the libretto is to blame. Strauss had been thrown off balance by the sudden death of Hofmannsthal, his former collaborator. Zweig was a competent, willing substitute—too willing, too delighted by the chance of working with the great man to pull him up and control him. He gave Strauss what he wanted in the form of an opera buffa libretto: Hofmannsthal in his superior supersensitive way knew that just a little of what he fancied served Strauss better. Zweig surely went wrong in allowing Morosus, the retired admiral who cannot endure noise, to be (apart from extreme irritability) a harmless character with a valid reason for his mania, his ear-drums having been damaged in a maritime explosion.

The opera, of course, is based on the old story of the silent woman who turns into a shrew the moment she has landed a husband. Zweig took it from Ben Jonson, but it goes much farther back than Jonson's day. It is padded out here with hoary theatrical contrivance: an Italian opera troupe useful for donning disguises, including what is surely among the boariest and dreariest of all—comic lawyers. Since Morosus, a Don Pasquale drawn at full length is a nice old fellow, the pranks played on him to force him to accept his nephew's marriage to an opera singer, instead of disinheriting him, seem gross as well as [illegible] likable.

As a piece of ensemble w[ork] (music theatre if you will) J[ohn] Cox's production is up to [the] high technical standard he [has] kept at Glyndebourne. The [con]tribution of Andrew Davis [and] the London Philharmonic is [out]standing, not least for the [way] in which even the uproars [that] are part of the plot are contai[ned] within bearable limits with[out] doing too much damage to [the] text (the work is sung in E[nglish] man). Strauss asks for a no[tori]ously large orchestra—has th[ere] been some thinning out? The [set] provides an intriguing glim[pse] of the 18th century London [sky]line—Zweig chose a later pe[riod] than Jonson—evidently at a [point] not far from the Financial Ti[mes]. But why a retired admiral sh[ould] like in a poky attic is a p[uzzle] that remains obscure.

As for the singing, one [is] distinguish between ensemble work, which went [with] ease and liveliness, and s[ome] less than successful eas[e]. Richard Cross, the second staff last season, sings Mor[osus] for the most part very well, this is a "character" drawn who can rage and e[xpos]tulate and also radiate delig[ht and] contentment. He needs m[ore] features. Mr. Cross in respect is about as expre[ssive] as the back of a bus. As coloratura Aminta, neph[ew's] wife and mock bride to Mor[osus] pretty Janet Perry will doubt blossom when she her top register, as she beg[ins] to do in the last act. Here Je[rome] Pruett's nephew Henry, ea[sily] dry and unlyrical, also impr[oved]. As the Figaro-type barber, I[...] Gottlieb gives the most st[...] assured performance of evening.

The Entertainment Guide is on Page 8

Soho Poly

# The Friday Murder

by MICHAEL COVENEY

This deft lunchtime two-hander by Benjamin Kuras portrays the inability of a former SS captain to atone for his part in the extermination of six million Jews during the War. Having lived as a rabbi in Golders Green for 25 years, the guilt-ridden Freitag summons a Jewish inspector from Scotland Yard to investigate a murder he himself has committed; the off-stage body is that of the SS captain who ordered Freitag's beloved Hannah to the gas chambers. Freitag had joined the SS merely to make sure that she was not sent, ordering the death of 200 prisoners a day, only concerned that Hannah was not among them.

He now wants to be sent to Israel and be tried for his crimes. Freitag is not Jewish, but his years of role-playing have resulted in an unmistakable Jewish manner, and his worn-down, penitential outlook is superbly caught by George Pravda. Mr. Kuras, who came to this country from Prague in 1968, writes excellent dialogue, but most of the play's energy is concentrated in the incredulous outbursts of the inspector, nicely played by Wolfe Morris. There is a fine Jewish feeling to the policeman's dilemma. Should he turn in the murderer or protect him on grounds of insanity? In the end, the Israeli Embassy turn down the offer of a Nazi criminal turned rabbi and Freitag is left with his central question unanswered. "How great a repentance atones for how great a sin?"

The play packs in a lot of narrative detail of Freitag's past, mostly in the form of revelatory monologue, and Michael Almaz's production maintains our appetite for such information right to the end. With his menorah, skull-cap and long dressing gown, the sadness of Freitag is the impossibility of ever measuring a slow-burning guilt against the frightful atrocities he perpetrated for his short-term personal happiness. And the play amply demonstrates how the events of the past can live interminably on to haunt history's survivors in the present.

## 'Houses and Museums Fund'

Lord Donaldson, the Minister for the Arts, has said that he hopes the Government would eventually start a Houses and Museums Fund to enable museums and art galleries to be built up in the nation's country houses.

Lord Donaldson was speaking at the Lake District Museum and Art Gallery, Abbot Hall, Kendal, where he was opening an exhibition. He said, "One of the things the Government is worried about is the future of country houses. There are many interesting ways in which they are being saved, and this would be one of them."

Those with plans for museums and art galleries should get on with their plans and have them "ready to go," so that when money is available they can be started.

Bush

# Happy Birthday, Wanda June

by B. A. YOUNG

Kurt Vonnegut's comedy is too self-indulgent to be a really good play. It is self-indulgent in the same way as his novels are; if he thinks of an obiter dictum of any kind, in it goes. In this excellent production under Dusty Hughes' direction, the end has been tightened up somewhat, and the last silly joke has been taken out. Not quite first-class, then; but thoroughly entertaining, and bearing a theme well worth attention.

The play is a prolonged send-up of the all-male hero whose rating in the public eye is based on the number of lives, human or animal, he has ended. Harold Ryan is from the same mould as Ernest Hemingway, and Bill Bailey, with his deep, gruff voice and muscular frame, plays him with an appropriately "legendary" look. Ryan, when the play begins, has been missing for eight years after a plane-crash in the Amazon rain-forest, and his wife (appropriately named Penelope) has two suitors and a young son.

The son, Paul, who is given a performance of quite astonishing confidence by a small boy called Graham Fletcher, believes his father to have been the greatest man who ever lived. One suitor, Herb the vacuum-cleaner salesman, is on his side, though his own achievement is devoted to Scouts and Little League baseball. Norbert, the other, is a doctor, and believes (with the author) that all killing is wrong.

The development of the action is interrupted from time to time by the appearance of characters from Heaven who have only a casual relationship with the main events. "Here let me interpolate a comment, having just thought of one," W. J. Turner wrote in one of his novels, and this is the Vonnegut system. Most of what he interpolates is amusing though barely relevant; we learn for instance that in Heaven everyone from Adolf Hitler to Jesus Christ spends his time playing shuffleboard. This is the contribution of Wanda June, a little girl run over on her birthday eve, but it is not only a child's view of Paradise, for Major von Konigswald, the Beast of Yugoslavia, and Ryan's previous wife Mildred spend eternity in the same way.

Penelope is Ryan's fourth [...] She is sharply played by [...] Harper, and has much wi[t] to show us about the pro[blems] of being a legendary hero's [...] Richard Parmentier is [...] eternal Boy Scout Herb [...] Peter Whitman the doctor [...] reveals unexpected courage [when] he confronts Ryan after a [...] forgivable act of bullying [...] the acting indeed is pretty [...] and the American accent[s] convincing. The set, [a] living-room hung at every [pos]sible point with the hea[ds and] hides of some dead animal [...] nice design by Tanya McC[...]

## 'The Bells of He[ll]' at the Garrick

Tony Britton, Peter [...]thorpe and Phyllida Law [are] the cast of John Mortimer's comedy The Bells of Hell [which] opens at the Garrick Thea[tre on] July 27.

It will play at the Rich[mond] Theatre on July 18 for one [week] before coming to the Wes[t End].

# BOND DRAWING

## I.C.I. INTERNATIONAL FINANCE LIMITED

### 8% Sterling/Deutsche Mark Guaranteed Bonds 1978/86

S. G. WARBURG & CO. LTD., announce that Bonds for the amount of £1,500,000 have been drawn in the presence of a Notary Public for the redemption instalment due 1st August, 1977.

The numbers of the Bonds drawn are as follows:—

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| 104 | 114 | 124 | 134 | 144 | 154 | 164 | 174 | 184 | 194 | 15104 | 15114 | 15124 | 15134 | 15144 | 15154 | 15164 | 15174 | 15184 | 15194 |
| 204 | 214 | 224 | 234 | 244 | 254 | 264 | 274 | 284 | 294 | 15204 | 15214 | 15224 | 15234 | 15244 | 15254 | 15264 | 15274 | 15284 | 15294 |
| 304 | 314 | 324 | 334 | 344 | 354 | 364 | 374 | 384 | 394 | 15304 | 15314 | 15324 | 15334 | 15344 | 15354 | 15364 | 15374 | 15384 | 15394 |
| 404 | 414 | 424 | 434 | 444 | 454 | 464 | 474 | 484 | 494 | 15404 | 15414 | 15424 | 15434 | 15444 | 15454 | 15464 | 15474 | 15484 | 15494 |
| 504 | 514 | 524 | 534 | 544 | 554 | 564 | 574 | 584 | 594 | 15504 | 15514 | 15524 | 15534 | 15544 | 15554 | 15564 | 15574 | 15584 | 15594 |
| 604 | 614 | 624 | 634 | 644 | 654 | 664 | 674 | 684 | 694 | 15604 | 15614 | 15624 | 15634 | 15644 | 15654 | 15664 | 15674 | 15684 | 15694 |
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| 804 | 814 | 824 | 834 | 844 | 854 | 864 | 874 | 884 | 894 | 15804 | 15814 | 15824 | 15834 | 15844 | 15854 | 15864 | 15874 | 15884 | 15894 |
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| 1304 | 1314 | 1324 | 1334 | 1344 | 1354 | 1364 | 1374 | 1384 | 1394 | 16304 | 16314 | 16324 | 16334 | 16344 | 16354 | 16364 | 16374 | 16384 | 16394 |
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| 1604 | 1614 | 1624 | 1634 | 1644 | 1654 | 1664 | 1674 | 1684 | 1694 | 16604 | 16614 | 16624 | 16634 | 16644 | 16654 | 16664 | 16674 | 16684 | 16694 |
| 1704 | 1714 | 1724 | 1734 | 1744 | 1754 | 1764 | 1774 | 1784 | 1794 | 16704 | 16714 | 16724 | 16734 | 16744 | 16754 | 16764 | 16774 | 16784 | 16794 |
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| 10504 | 10514 | 10524 | 10534 | 10544 | 10554 | 10564 | 10574 | 10584 | 10594 | 25504 | 25514 | 25524 | 25534 | 25544 | 25554 | 25564 | 25574 | 25584 | 25594 |
| 10604 | 10614 | 10624 | 10634 | 10644 | 10654 | 10664 | 10674 | 10684 | 10694 | 25604 | 25614 | 25624 | 25634 | 25644 | 25654 | 25664 | 25674 | 25684 | 25694 |
| 10704 | 10714 | 10724 | 10734 | 10744 | 10754 | 10764 | 10774 | 10784 | 10794 | 25704 | 25714 | 25724 | 25734 | 25744 | 25754 | 25764 | 25774 | 25784 | 25794 |
| 10804 | 10814 | 10824 | 10834 | 10844 | 10854 | 10864 | 10874 | 10884 | 10894 | 25804 | 25814 | 25824 | 25834 | 25844 | 25854 | 25864 | 25874 | 25884 | 25894 |
| 10904 | 10914 | 10924 | 10934 | 10944 | 10954 | 10964 | 10974 | 10984 | 10994 | 25904 | 25914 | 25924 | 25934 | 25944 | 25954 | 25964 | 25974 | 25984 | 25994 |
| 11004 | 11014 | 11024 | 11034 | 11044 | 11054 | 11064 | 11074 | 11084 | 11094 | 26004 | 26014 | 26024 | 26034 | 26044 | 26054 | 26064 | 26074 | 26084 | 26094 |
| 11104 | 11114 | 11124 | 11134 | 11144 | 11154 | 11164 | 11174 | 11184 | 11194 | 26104 | 26114 | 26124 | 26134 | 26144 | 26154 | 26164 | 26174 | 26184 | 26194 |
| 11204 | 11214 | 11224 | 11234 | 11244 | 11254 | 11264 | 11274 | 11284 | 11294 | 26204 | 26214 | 26224 | 26234 | 26244 | 26254 | 26264 | 26274 | 26284 | 26294 |
| 11304 | 11314 | 11324 | 11334 | 11344 | 11354 | 11364 | 11374 | 11384 | 11394 | 26304 | 26314 | 26324 | 26334 | 26344 | 26354 | 26364 | 26374 | 26384 | 26394 |
| 11404 | 11414 | 11424 | 11434 | 11444 | 11454 | 11464 | 11474 | 11484 | 11494 | 26404 | 26414 | 26424 | 26434 | 26444 | 26454 | 26464 | 26474 | 26484 | 26494 |
| 11504 | 11514 | 11524 | 11534 | 11544 | 11554 | 11564 | 11574 | 11584 | 11594 | 26504 | 26514 | 26524 | 26534 | 26544 | 26554 | 26564 | 26574 | 26584 | 26594 |
| 11604 | 11614 | 11624 | 11634 | 11644 | 11654 | 11664 | 11674 | 11684 | 11694 | 26604 | 26614 | 26624 | 26634 | 26644 | 26654 | 26664 | 26674 | 26684 | 26694 |
| 11704 | 11714 | 11724 | 11734 | 11744 | 11754 | 11764 | 11774 | 11784 | 11794 | 26704 | 26714 | 26724 | 26734 | 26744 | 26754 | 26764 | 26774 | 26784 | 26794 |
| 11804 | 11814 | 11824 | 11834 | 11844 | 11854 | 11864 | 11874 | 11884 | 11894 | 26804 | 26814 | 26824 | 26834 | 26844 | 26854 | 26864 | 26874 | 26884 | 26894 |
| 11904 | 11914 | 11924 | 11934 | 11944 | 11954 | 11964 | 11974 | 11984 | 11994 | 26904 | 26914 | 26924 | 26934 | 26944 | 26954 | 26964 | 26974 | 26984 | 26994 |
| 12004 | 12014 | 12024 | 12034 | 12044 | 12054 | 12064 | 12074 | 12084 | 12094 | 27004 | 27014 | 27024 | 27034 | 27044 | 27054 | 27064 | 27074 | 27084 | 27094 |
| 12104 | 12114 | 12124 | 12134 | 12144 | 12154 | 12164 | 12174 | 12184 | 12194 | 27104 | 27114 | 27124 | 27134 | 27144 | 27154 | 27164 | 27174 | 27184 | 27194 |
| 12204 | 12214 | 12224 | 12234 | 12244 | 12254 | 12264 | 12274 | 12284 | 12294 | 27204 | 27214 | 27224 | 27234 | 27244 | 27254 | 27264 | 27274 | 27284 | 27294 |
| 12304 | 12314 | 12324 | 12334 | 12344 | 12354 | 12364 | 12374 | 12384 | 12394 | 27304 | 27314 | 27324 | 27334 | 27344 | 27354 | 27364 | 27374 | 27384 | 27394 |
| 12404 | 12414 | 12424 | 12434 | 12444 | 12454 | 12464 | 12474 | 12484 | 12494 | 27404 | 27414 | 27424 | 27434 | 27444 | 27454 | 27464 | 27474 | 27484 | 27494 |
| 12504 | 12514 | 12524 | 12534 | 12544 | 12554 | 12564 | 12574 | 12584 | 12594 | 27504 | 27514 | 27524 | 27534 | 27544 | 27554 | 27564 | 27574 | 27584 | 27594 |
| 12604 | 12614 | 12624 | 12634 | 12644 | 12654 | 12664 | 12674 | 12684 | 12694 | 27604 | 27614 | 27624 | 27634 | 27644 | 27654 | 27664 | 27674 | 27684 | 27694 |
| 12704 | 12714 | 12724 | 12734 | 12744 | 12754 | 12764 | 12774 | 12784 | 12794 | 27704 | 27714 | 27724 | 27734 | 27744 | 27754 | 27764 | 27774 | 27784 | 27794 |
| 12804 | 12814 | 12824 | 12834 | 12844 | 12854 | 12864 | 12874 | 12884 | 12894 | 27804 | 27814 | 27824 | 27834 | 27844 | 27854 | 27864 | 27874 | 27884 | 27894 |
| 12904 | 12914 | 12924 | 12934 | 12944 | 12954 | 12964 | 12974 | 12984 | 12994 | 27904 | 27914 | 27924 | 27934 | 27944 | 27954 | 27964 | 27974 | 27984 | 27994 |
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| 13204 | 13214 | 13224 | 13234 | 13244 | 13254 | 13264 | 13274 | 13284 | 13294 | 28204 | 28214 | 28224 | 28234 | 28244 | 28254 | 28264 | 28274 | 28284 | 28294 |
| 13304 | 13314 | 13324 | 13334 | 13344 | 13354 | 13364 | 13374 | 13384 | 13394 | 28304 | 28314 | 28324 | 28334 | 28344 | 28354 | 28364 | 28374 | 28384 | 28394 |
| 13404 | 13414 | 13424 | 13434 | 13444 | 13454 | 13464 | 13474 | 13484 | 13494 | 28404 | 28414 | 28424 | 28434 | 28444 | 28454 | 28464 | 28474 | 28484 | 28494 |
| 13504 | 13514 | 13524 | 13534 | 13544 | 13554 | 13564 | 13574 | 13584 | 13594 | 28504 | 28514 | 28524 | 28534 | 28544 | 28554 | 28564 | 28574 | 28584 | 28594 |
| 13604 | 13614 | 13624 | 13634 | 13644 | 13654 | 13664 | 13674 | 13684 | 13694 | 28604 | 28614 | 28624 | 28634 | 28644 | 28654 | 28664 | 28674 | 28684 | 28694 |
| 13704 | 13714 | 13724 | 13734 | 13744 | 13754 | 13764 | 13774 | 13784 | 13794 | 28704 | 28714 | 28724 | 28734 | 28744 | 28754 | 28764 | 28774 | 28784 | 28794 |
| 13804 | 13814 | 13824 | 13834 | 13844 | 13854 | 13864 | 13874 | 13884 | 13894 | 28804 | 28814 | 28824 | 28834 | 28844 | 28854 | 28864 | 28874 | 28884 | 28894 |
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| 14204 | 14214 | 14224 | 14234 | 14244 | 14254 | 14264 | 14274 | 14284 | 14294 | 29204 | 29214 | 29224 | 29234 | 29244 | 29254 | 29264 | 29274 | 29284 | 29294 |
| 14304 | 14314 | 14324 | 14334 | 14344 | 14354 | 14364 | 14374 | 14384 | 14394 | 29304 | 29314 | 29324 | 29334 | 29344 | 29354 | 29364 | 29374 | 29384 | 29394 |
| 14404 | 14414 | 14424 | 14434 | 14444 | 14454 | 14464 | 14474 | 14484 | 14494 | 29404 | 29414 | 29424 | 29434 | 29444 | 29454 | 29464 | 29474 | 29484 | 29494 |
| 14504 | 14514 | 14524 | 14534 | 14544 | 14554 | 14564 | 14574 | 14584 | 14594 | 29504 | 29514 | 29524 | 29534 | 29544 | 29554 | 29564 | 29574 | 29584 | 29594 |
| 14604 | 14614 | 14624 | 14634 | 14644 | 14654 | 14664 | 14674 | 14684 | 14694 | 29604 | 29614 | 29624 | 29634 | 29644 | 29654 | 29664 | 29674 | 29684 | 29694 |
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| 14804 | 14814 | 14824 | 14834 | 14844 | 14854 | 14864 | 14874 | 14884 | 14894 | 29804 | 29814 | 29824 | 29834 | 29844 | 29854 | 29864 | 29874 | 29884 | 29894 |
| 14904 | 14914 | 14924 | 14934 | 14944 | 14954 | 14964 | 14974 | 14984 | 14994 | 29904 | 29914 | 29924 | 29934 | 29944 | 29954 | 29964 | 29974 | 29984 | 29994 |

On 1st August, 1977 there will become due and payable upon each Bond, drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

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1st July, 1977





# EUROPEAN NEWS

SCHMIDT'S DOUBTS ON LARGER EEC

## Migrant workers problem for Community nations

BRUSSELS officials concede Herr Schmidt's particular concern that new entrants into the Community will swell West Germany's already large migrant population, writes David Buchan in Brussels. According to the latest figures available — those for 1975—1.4m. of the total 4.5m. migrant workers from non-EEC countries in the Community were in W. Germany.

The official said that it was the first time that W. Germany's general fear about migrant labour had been so strongly expressed in connection with possible enlargements of the Nine. As it happens, the largest migrant group in W. Germany is from Turkey, which is not on the list of candidates for EEC membership in the near future, though its Association Agreement with the Community envisages eventual membership.

In the meantime, West Germany has expressed strong reservations about the strengthening of Turkey's association agreement, under which Turkish workers are progressively to be given full freedom of employment and movement within the EEC by the end of 1986.

Despite the agreement, all the EEC has offered the Turks under W. German pressure is security of tenure for those workers already in Europe.

In 1975, W. Germany had 543,000 of the total 810,000 Turkish workers in the Community.

**MIGRANT WORKERS IN THE EEC**

(1975 figures)

| Country of origin | |
|---|---|
| Spain | 474,000 |
| Greece | 280,000 |
| Portugal | 574,000 |
| Turkey | 610,000 |
| Yugoslavia | 490,000 |
| Algeria | 445,000 |
| Morocco | 191,000 |
| Tunisia | 83,000 |
| Others | 365,000 |
| Total | 4,492,000 |

Of migrant workers from Greece, Portugal and Spain only the Greeks have tended to concentrate in W. Germany—in 1975, 196,210 of the total 26?,000 Greeks in the Community.

The Portuguese and Spanish have tended to make for France. In 1975 there were 265,000 Spanish and 475,000 Portuguese in that country.

Herr Schmidt's worry appears to be that any increase from those three countries would be unwelcome, given the strength of the EEC's commitment—even if much delayed—to increase access for Turkish workers.

The irony is that the workers were welcomed in the pre-oil crisis boom years. Since then, there has been a general decline in the migrant workers—both EEC nationals and those from third countries—from 6.6m. in 1973 to 6.09m. in 1975. Brussels officials reckon that the total is still going down.

Since 1974, almost every member State has had a ban on the further recruitment of non-EEC labour, and France last month went so far as to introduce a voluntary repatriation bonus scheme.

PARIS — With unemployment currently at a record level of more than 1m., France is clearly anxious that the entry of new countries into the Common Market (such as Spain, Portugal and Greece) should not add to the number of workless, writes Robert Mauthner.

The high level of unemployment has become a particularly delicate political problem in France, which is facing a general election in nine months' time. It has provided the Socialist-Communist Opposition, which is currently leading the field in the public opinion polls, with a welcome stick with which to beat the Government.

Current economic policies aimed mainly at bringing down the high rate of inflation and restoring the trade balance, have done little to alleviate unemployment, which is expected to remain at a high level in the foreseeable future.

But the Government has nevertheless adopted a number of measures to bring down unemployment, including notably financial incentives to the country's 2m. immigrant workers to return home.

Since the expulsion of immigrants would cause an outcry in France, where racialism is always a sensitive political issue, the Government recently offered special grants of Frs.10,000 (about £1,200) to foreign workers who express the wish to return home. It is too early to gauge the effect of this offer and no figures have been issued yet on the number of immigrants who have taken advantage of this measure.

Statistics, established last year, show that more than half France's immigrant labour po lation comes from the Maghreb countries of Alge Morocco and Tunisia, with Algerians in a large majori But the Portuguese are only short way behind and followed closely by Spani immigrants.

BONN — In broaching the pr lem of free movement of labo Chancellor Helmut Schmidt merely brought into the op what many officials in Bonn ha long admitted, writes Jonath Carr. This is that enlargeme of the Community will mean change in its character—so t what has appeared self-evide in the present group of Nine w prove impossible among t Twelve.

How, it is asked, will a Co munity with diverging natio economic performances, nbo 5m. unemployed and no convi ing answer on how to reduce t total, significantly, be able throw open its borders to m jobless from the South?

This is not West German problem alone. The recogniti of it may partly account f France's new reticence over enlargement. On the contra Bonn's biggest problem ari not from the three prospecti full members but from Turke

Of the total 2.1m. forei workers in the Federal Repub at the start of 1976, Tur formed much the biggest sin group. They accounted f 553,000 — or more than quarter — against 158,000 or per cent. a decade earlier.

The next biggest groups we Yugoslavs (419,000 or one-fift Italians (297,000 or 14.3 p cent.) and then the Greeks, w just under 10 per cent.

Under an association agr ment with the Community, fr movement of Turkish labo should be introduced by stages 1986. Bonn officials take one lo at the unemployed total Turkey, note that West Germa has nearly 1m. jobless, w precious little hope of reduci the figure very much, and dr the obvious conclusion.

The West Germans we worried about the increasi number of Gastarbeiter w before the question of Co munity enlargement to the Sou emerged. In November 1973 th introduced a ban on new hirin —although this did not me that those already working he were sent home.

ROME—While there is so surprise here at the relati openness of Chancellor Schmid comments, the sentiments expressed are generally in li with Italian thinking, wri Paul Betts.

The Rome Government is c cerned over Community enlar ment on two basic counts— threat of cheap agricultu imports, particularly fr Portugal and Spain, and, to much lesser extent, from Gree as a result of an enlargement the EEC, but also from a feeli that a number of fundamen institutional questions, includi that of qualified majority voti and British demands for a maj revision of the existing Comm Agricultural Policy, should resolved before new membe are admitted.

Publicly, the Andreot Government is committed welcoming both Greece a Portugal and, when a form application is lodged, the applic tion of Spain.

However, in private, Ministe insist that the Community currently in such disarray th its internal conflicts and pr blems should be resolved pri to opening the way in ne membership.

This view was given expressio by Sig. Arnaldo Forlani, th Foreign Minister, at the rece Leeds Castle meeting of Con munity Foreign Minister although on the record Prim Minister Andreotti warmly we comed the Greek applicatio during his visit earlier th month to Greece when he di cussed EEC affairs with th Prime Minister, Mr. Constantin Karamanlis.

This ambiguity between th Italian Government's public an private views on enlargemen has generally been maintaine here with the exception of som forthright comments by th Agriculture Minister, Sig Giovanni Marcora, who emphasising that he was speak ing personally, made it plain tha he personally did not favour new entrants if it meant radical alterations to the CAP or further competition in Europe for Italian agricultural producers.

## Serious consequences for Spain's economy

HERR SCHMIDT'S proposals would affect Spain quite considerably given the fact that the country has a very high number of people working in EEC countries, writes our Madrid correspondent.

According to figures published in the newspaper Pueblo in May taken from the Spanish Institute of Emigration, Spain has 272,000 immigrants in West Germany, 587,000 in France, 55,000 in Britain and 76,000 in Belgium. These figures are considered to be rather on the low side. For example, the real number in Britain is said to be 75,000.

In fact, Spain, which is expected to apply for EEC membership in the near future, has more people working abroad than almost any other country.

With unemployment standing at about 800,000 of the total work force of 12.3m. (not counting school leavers) a cutback in the number of people allowed to work abroad would have serious repercussions on Spain's ailing economy.

The problem of the high number of Spanish immigrant workers was an issue in the general election particularly for the Socialists and Communists.

LISBON — Portugal has 500,000 unemployed out of a labour force of 3,200,000. Half are school leavers seeking their first job. A high percentage are unskilled refugees from the former African colonies.

By tradition Portugal has solved the bulk of her unemployment problems through emigration. Between 1964 and 1974, 1,500,000 able-bodied men went abroad—over 800,000 to France. The rest are spread between West Germany, Luxembourg, Holland and Britain—as well as the U.S., Canada and Brazil.

Restrictions on the movement of labour in the EEC countries would, obviously, create serious problems.

Industry and agriculture are still depressed despite recovery in some sectors, notably building. The Government hopes to create 300,000 new jobs in the next three years but since many of the investment plans involve capital intensive projects and since Government money is scarce for public housing, hospital building and other public works which could absorb several thousand workers, the figure of 300,000 may be somewhat unrealistic.

Prime Minister Mario Soares himself has admitted that Portugal has no choice but to rely on emigration of its nationals for some years to come as a means of keeping down unemployment.

The crux of the problem, in an era of advanced technology, rests on the lack of skills of many unemployed Portuguese and the lack of receptivity by South and North American countries to would-be immigrants who do not possess special qualifications.

Therefore, Europe remains the main hope, and if the EEC, which until now has provided better living conditions and higher earnings for hard working Portuguese immigrants imposes limitations, the repercussions in Portugal will be dramatic, both economically and politically.

Indeed, as numerous emigrants drift back home following the collapse of the European boom, their frustrations are already apparent.

## Move to combat CAP frauds

BRUSSELS, June 30.

THE COMMON Market to-day moved to combat frauds against the Common Agricultural Policy which have cost the Community millions of dollars in unjustified subsidies to EEC companies.

EEC sources said the Council of Ministers would consider a proposed new system to check the books of companies which benefit from subsidies under the farm price support fund.

The new surveillance would include spot checks on at least 2,100 companies which received over 100,000 units of account ($110,000) a year in grants.

Typical cases of fraud include falsifying export documents and health certificates for cattle, false declaration of certain types of cereal, illegal use of butter for processing as cheese, and giving the wrong weight, the sources said.

According to unofficial EEC figures there were 31t known cases of fraud between 1970 and 1975 involving 17.7 million units of account of which 10.3 million units was later recovered.

Reuter

Giles Merritt writes from Dublin: With this year's barley harvest likely to be small, Irish grain producers fear the smuggling crisis will worsen in the autumn. The Irish authorities already have considerable experience of border smuggling, and know just how difficult it is to prevent.

Towards the end of last year Ireland's successive devaluations of the EEC "green" pound sparked an epidemic of trafficking in cattle and other livestock, nicknamed the "piggy-go-round." The illegal profits were at one point thought to have reached £½m. a week.

Animals were smuggled south from Ulster and returned openly to cash in on the MCA compensation payments that, under EEC agricultural policy, balance prices between Ireland the U.K. Sometimes the tell-tale holes made at the frontier in animals' ears were filled in and they were sent through a second time.

It was once calculated, by a despairing and frustrated senior British army officer, that not even the entire Russian army could completely seal-off the straggling and unmarked 300-mile border dividing Ireland.

The Northern Ireland authorities are not concerned with the new barley racket. it is strictly a southern problem, and that leaves only the over-stretched Irish customs to cope. They have recently been equipped with patrol cars, but nevertheless have to contend with smugglers who are reputedly aided by provisional IRA chieftains

The classic method of catching smugglers is, of course, not at the crossing point but during distribution. Representatives of Irish farming organisations have told Government officials that they possess lists of names, detailing smugglers and their routes and the "compounders" who distribute the contraband, but refuse to pass these on for fear of intimidation or worse.

# Apel sees currency unrest if U.S. deficit continues

BY JONATHAN CARR

BONN, June 30.

THE WEST German Finance Minister, Herr Hans Apel, has warned against underestimating the serious dangers of monetary instability resulting from a high and continuous U.S. current account deficit.

Speaking to foreign bankers in Frankfurt, Herr Apel noted that in contrast to the early 1970s, the system of floating exchange rates had largely protected the world from sudden, unpleasant monetary shocks.

Nonetheless, a steady fall in the dollar would ultimately bring about serious, world-wide currency unrest. He was speaking on Wednesday night after the dollar had again fallen on the Frankfurt exchange, this time to DM2.34—its lowest level so far this year.

Herr Apel devoted only a small part of his address to the American trade and currency problem. However, his Ministry is known to be more concerned about the situation than the Minister's brief public remarks imply.

The West Germans take note of statements by the Treasury Secretary, Mr. Michael Blumenthal, and others that the deficit will not continue indefinitely. Nonetheless it is also noted that a large part of the shortfall is caused by growing oil imports, a reduction of which, in the long run will greatly depend on the success of President Carter's energy plans.

The interrelationship of these factors—energy, deficit and the dollar's fall—is one of the topics Chancellor Helmut Schmidt is likely to want to discuss with Mr. Carter when he visits Washington in two weeks time.

In his address Herr Apel also urged a closer co-ordination of international public and private aid for countries with balance of payments problems.

He indicated he thought little of suggestions emerging from the Bank for International Settlements that the International Monetary Fund should simply reinforce itself through the private banking sector.

But he did favour a non-institutionalised co-ordination of the IMF and the banks in providing credit. Important here was to improve the detailed information of the banks on the indebted country, so that they could better assess the risks involved. It was worth examining, Herr Apel said, whether the IMF and the World Bank could supply added date to the private banks—while not breaking the confidence without which their own work could not be carried through.

# New Portugal strike law bans lock-outs

BY DIANA SMITH

LISBON, June 30.

THE PORTUGUESE National Assembly approved a new liberal strike law yesterday after a noisy debate, during which opponents to the right of the ruling Socialist Party accused the Portuguese Government of letting itself be "dragged to the left."

Only Socialist and Communist deputies voted for the law—the social democrat PSD and themselves.

Impoverished Portuguese refugees who are still arriving daily from the country's former African colonies will from to-day receive a resettlement grant instead of being housed at public expense, the Portuguese Government has decided, Reuter reports from Lisbon. Since 1975 more than 700,000 refugees are believed to have arrived in Portugal.

Christian democrat CDS abstained.

The law proclaims "the right to strike is exercised via trade unions but in companies where the majority of workers are not represented by unions, strikes will be determined by secret ballot, and by a majority." A ballot may be called by 20 per cent. of a company's workers.

This provision was criticised by the PSD, which maintained that it would lead to "manipulation of the majority by the minority."

The new law grants unions or strike committees the right to set up picket lines and, while it declares that workers may not receive their wages while they are on strike, they will also not be bound to uphold their contracts, "obey orders or apply themselves."

Essential services, the new law states, must be assured. These include water supplies, postal, fire and other services. Refusal to comply would entitle the government to requisition or conscript those involved.

Lock-outs (a common practice under the dictatorship overthrown on April 25, 1974) are banned. Any managers who try to lock-out workers will be liable to prison and fines of £7,500 to £75,000.

Written notice must be served 48 hours before a strike, to management and to the Ministry of Labour. This period was criticised by opponents of the strike bill as being excessively short.

CDS criticism of the new law described it as the product of a "shotgun wedding of the Socialists and Communists, with the Communists wielding the baton and the Socialists playing the tune."

# Fitzgerald likely to lead Fine Gael

Dr. Garret Fitzgerald, Ireland's outgoing Foreign Affairs Minister in Mr. Liam Cosgrave's defeated Fine Gael-Labour coalition Government, now seems certain of succeeding Mr. Cosgrave as leader of the Fine Gael Party, writes Giles Merritt. Following Mr. Cosgrave's decision a week ago to step down, members of the Fine Gael Parliamentary party vote to-day to elect a new leader.

The Labour Party is simultaneously holding its own leadership election as Deputy Premier Brendan Corish announced last week-end that he too is relinquishing his party post after almost 18 years. But the outcome of the Labour leadership struggle is still far from certain, with Mr. Michael O'Leary, the outgoing Minister for Labour, and Mr. Frank Cluskey, Parliamentary Secretary for Social Welfare, still neck-and-neck.

Both leadership elections are overshadowed by the imminent takeover of Government on July 5 of Mr. Jack Lynch's Fianna Fail Party, which on June 16 ousted the coalition after one term in power in a general election landslide. The result of the Labour leadership battle is, however, being keenly awaited in Dublin's political circles as it will determine the two coalition parties' cohesiveness in opposition.

Dr. Fitzgerald, who is now understood to have the backing of 75 per cent. of his party, is in Fine Gael terms a liberal who would seek to maintain the link with Labour even if formal coalition is in abeyance until the next general election. But Mr. Frank Cluskey, who has been tipped to narrowly beat the more moderate Mr. O'Leary, is on the left-wing of the Labour Party and in opposition would be likely to retreat into doctrinaire socalism that would reject co-operation with Fine Gael.

# Kadar for talks in West Germany

BY PAUL LENDVAI

VIENNA, June 30.

HUNGARIAN Communist Party leader Mr. Janos Kadar begins a four-day official visit to West Germany on Monday, his second within less than a month to a NATO state. He visited Rome earlier this month.

Mr. Kadar, who is also a member of the Hungarian presidium council, will discuss East-West relations and the expansion of Hungarian-West German economic, technical and cultural co-operation with Chancellor Helmut Schmidt. Reports in the controlled Press in Hungary indicate that Mr. Kadar will be pressing for easier access for Hungarian exports to West Germany, the country's single most important Western trading partner.

West Germany alone accounts for a quarter of Hungary's entire Western trade. Trade exchanges showed an almost five-fold increase to DM2.6bn. between 1965-1976. However, the Hungarians, faced with a large trade deficit, complain that 25 per cent. of their exports are hampered by quota restrictions and a further 25 per cent. by what is described as the "protectionists" farm policies of the European Economic Community.



## Spain and EFTA

Spain and the seven member countries of the European Free Trade Association (EFTA), yesterday concluded an initial round of negotiations in Geneva for a trade agreement to end discrimination against each other's industrial exports, officials told Reuter. A communique said the talks aimed to put trade between Spain and EFTA on the same basis as that between Spain and the European Economic Community.

Under the West European free trade system, which comes into force to-day, most industrial products traded between the 16 member countries of EFTA and the EEC are exempt from customs duties.

## Basques delay march

A Basque "freedom march" due to start on Saturday to back demands for regional autonomy and a full political amnesty has been postponed for a week, its organisers told Reuter yesterday in Bilbao. They said they needed more time to make arrangements.

## More Polish cars

Poles will be able to buy new cars almost immediately with local currency from next week by paying extra, the party daily Trybuna Ludu reported yesterday, Reuter reports. The newspaper said that initially 2,000 Polski Fiat 126s rising to 3,000 after three months, would be available each month under the new "express sale" system.

## Fiat executives shot

Two Fiat car company executives were wounded and a nightwatchman was found shot dead yesterday in gun attacks which followed a spate of bombings, Reuter reports from Rome. The executives, one of whom was seriously wounded in the stomach, were shot in Turin and Milan. The Red Brigades, Italy's most notorious guerilla organisation, claimed responsibility. The nightwatchman was found dead on the outskirts of Florence near a car containing explosives. Police believed he stumbled on a gang preparing a bomb attack.

Western newspaper sales have barely risen in Eastern Europe since Helsinki

# Better Red than well-read

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

THE HELSINKI Declaration, which included clauses on the freer flow of information between East and West, appears to have done little to increase the low sales of western newspapers in East Europe. In fact, the evidence suggests that the Soviet bloc has made only token increases of its imports of the western publications with an eye to the present review conference in Belgrade.

By contrast, sales of Soviet newspapers in Britain have risen sharply. Though there were no restrictions on importing them before Helsinki, the Declaration appears to have raised interest in the Soviet Press.

A survey by the Financial Times shows that the total sales of six major western newspapers in East Europe increased by 2.3 per cent. between the immediate post-Helsinki period and the latest time for which figures are available (mostly the early months of 1977).

This was scarcely more than the growth of population in the Soviet bloc, meaning that the number of people each copy served dropped only marginally from 51,500 to 51,000.

Country by country the performance varied widely. By far the biggest growth was in Bulgaria, due to a large increase in orders for Le Monde and Corriere della Sera. Over 80 per cent. of Bulgaria's imports were on subscription, meaning that the number offered on public sale was very small.

The second largest growth was in the Soviet Union which announced last year that it was putting some dozen western newspapers on general sale. This appears to be borne out by returns from five of the six newspapers surveyed, all of which showed increased sales. Only the London Times registered a slight drop.

Just under one-fifth of all the newspapers imported by the Russians go on public sale, mainly at tourist hotels and airports, though in the case of the Frankfurter Allgemeine Zeitung and the Financial Times the proportion is over one-third.

Czechoslovakia and Hungary showed average growth of imports of 2-3 per cent.; Hungary now serves its people best by being the only country to offer one copy to fewer than 10,000 people.

Poland was the only country to import fewer newspapers, mainly because of a marked cut-back of orders for Le Monde. This is surprising in view of Poland's better-than-average record on information, but it may be explained by the country's hard currency problems and the tenser political atmosphere of the past 12 months.

Proportionately, though, Poland's imports are still among the higher, and the share of those sold retail is the highest in the bloc at 85 per cent.

Romania's performance was below average, with the Financial Times, the Frankfurter Allgemeine and the Herald Tribune registering lower sales.

East Germany remains the country with by far the poorest record. Its imports are negligible, with one copy serving over 500,000 people. In fact the only traceable increase was an order for a single copy of the Herald Tribune. The Frankfurter Allgemeine, however, does not publish figures for its circulation in East Germany, so any changes there are not recorded. All newspaper sales to East Germany are on subscription. In other words, not a single copy is sold publicly.

According to on-the-spot reports, what western newspapers are made available in the region are expensive (often over the equivalent of 50p a copy) and out of date. Supplies can also be erratic, especially if editions carry unfavourable reports ab[out] East Europe.

As to which western pap[ers] have benefited from the grow[th] in imports, the pattern [is] irregular. The biggest gain[s] in sales among the newspap[ers] surveyed was by Corriere d[ella] Sera (29 per cent.), but its o[ver]all circulation in East Eur[ope] remains small.

The Financial Times raised sales by 12 per cent., and [a] conspicuous exception to E[ast] German indifference to [the] western press. The Lon[don] Times' sales rose 6 per cent., [Le] Monde and the Herald Trib[une] by 1 per cent. each, while [the] Frankfurter Allgemeine recor[ded] a drop of 1 per cent.

Although the East bloc cla[ims] to import far more newspa[pers] and periodicals than it exp[orts] to the West, it has yet to [sub]stantiate this with figures. [How]ever, returns from Collets, [the] main British importers of So[viet] material, show a marked ris[e in] sales of major newspapers [and] periodicals in Britain.

It is noteworthy that the [price] of Pravda and Izvestiya is [only] 5p. That suggests that the papers enjoy a hefty sub[sidy] from Moscow.


Sales of major Soviet newspapers and periodicals in Britain.

| | Subscription copies 1976 | Subscription copies 1977 | Open sale 1976 | Open sale 1977 |
|---|---|---|---|---|
| Pravda | 190 | 232 | 20 | 25 |
| Izvestiya | 120 | 145 | 15 | 25 |
| Ekonomicheskaya Gazeta | 65 | 84 | 15 | 18 |
| Literaturnaya Gazeta | 175 | 163 | 15 | 15 |
| Total | 550 | 624 | 65 | 83 |
| % rise over 1976 | — | 13 | — | 28 |

Figures exclude purchases of Soviet Embassy and Trade Delegation.
Open sale figures are estimates.
Source: Collets Holdings


SALES OF SELECTED WESTERN NEWSPAPERS IN EAST EUROPE

| | London Times | | Financial Times | | Le Monde | | Frankfurter Allgemeine Zeitung | | Herald Tribune | | Corriere della Sera | | Total | | % of '77 imports retailed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1975 | 1977 | 1975 | 1977 | 1975 | 1977 | 1975 | 1977 | 1975 | 1977 | 1975 | 1977 | 1975 | 1977 | |
| Bulgaria | 36 | 39 | 37 | 47 | 128 | 206 | 23 | 28 | 62 | 68 | 15 | 40 | 301 | 428 | 19 |
| Czechoslovakia | 114 | 98 | 102 | 144 | 339 | 339 | 126 | 116 | 317 | 319 | 15 | 15 | 1,014 | 1,031 | 75 |
| East Germany | 0 | 0 | 20 | 20 | 0 | 0 | n.a. | n.a. | 0 | 1 | 2 | 2 | 22 | 23 | 0 |
| Hungary | 170 | 193 | 120 | 109 | 313 | 341 | 209 | 210 | 281 | 273 | 25 | 25 | 1,118 | 1,151 | 80 |
| Poland | 273 | 272 | 110 | 116 | 1,072 | 877 | 238 | 267 | 541 | 550 | 10 | 35 | 2,244 | 2,117 | 85 |
| Romania | 56 | 48 | 22 | 20 | 608 | 644 | 219 | 160 | 142 | 128 | 70 | 80 | 1,117 | 1,120 | 77 |
| Soviet Union | 191 | 175 | 150 | 171 | 228 | 275 | 109 | 131 | 414 | 440 | 85 | 90 | 1,177 | 1,282 | 18 |
| Total | 840 | 845 | 562 | 627 | 2,688 | 2,702 | 924 | 912 | 1,757 | 1,779 | 222 | 287 | 6,993 | 7,152 | 60 |

The B-1: low-flying dead duck. Christopher Coombes

THE DROPPING OF THE B-1 BOMBER

# Goliath makes way for David

BY DAVID BELL IN WASHINGTON

PRESIDENT Jimmy Carter's unexpected decision to abandon the B-1 bomber, which would have been the world's most expensive aircraft, marks the coming of age of the Cruise missile—the versatile little David in a world that the U.S. Air Force hoped would be dominated in the next 20 years by its new Goliath.

Mr. Carter's decision is a major defeat for the Air Force and, more important, for Rockwell International, the nation's tenth largest defence contractor, which believed until the President's news conference to-day that it would get the contract, which would have been worth up to $24bn. for the bomber.

As a result of the abandonment of the aircraft—although research and development work will continue — some 70,000 jobs in 48 states will not be created. Congress, well aware of the political significance of these jobs, voted only yesterday to continue funding the bomber, and a major outcry can now be expected from Capitol Hill.

The President, however, brushed this prospect aside today and outlined five main reasons for his decision. These included the possibility that the cancellation might help the current strategic arms talks with the Soviet Union; but it was clear that the major reason for Mr. Carter's decision was his own conviction that the Cruise missile is the weapon of the future.

The President said that the B-1 had been begun before the evolution of the Cruise into a very successful weapon. At the same time the later models of the B-52 would be able to continue to operate until well into the 1980s, and would be ideally suited to carry air-launched Cruise missiles which would become very versatile "stand off weapons." There is always the further possibility that the B-52s may be modernised and strengthened even more.

Thus the so-called defense triad, the combination of air-launched Cruises, and land-based intercontinental missiles and submarine-launched missiles, which has formed the traditional basis of the U.S.'s defence, will be maintained. If relations with the Soviet Union were to "deteriorate badly," which he doubted, the President said the B-1 could always be resurrected.

## Questions

But the President's news conference left several questions unanswered. Mr. Carter referred only to air-launched Cruise missiles, even though his Defence Secretary and presumably he himself set much greater prospects for the naval and land-based versions of the versatile missile, whose ground-hopping ability and long range give it an important edge over its competitors.

More important, but closely related, is the fact that negotiations about SALT, as the President admitted to-day, are concentrating on Soviet attempts to limit the range of the air-launched Cruise. The President said that the limit agreed at Vladivostock by President Ford and Mr. Leonid Brezhev, the Soviet President, had basically been agreed by the negotiators.

Mr. Carter said that this range, believed to be about 600 miles, would be sufficient for the air-launched Cruise to be carried as a stand-off weapon—that is one transported in aircraft that do not infringe Soviet airspace but wait just outside it to fire their missiles if need arises. However there will be many in Congress who may object to the limitation on the air-launched missile.

The President extended an olive branch to such objection by saying that the United States does not believe that the air-launched Cruise should be included in the total of "Mirved" weapons to be agreed by both sides as part of an overall settlement. This Mirv figure (for Multiple Independently targeted Re-entry Vehicles) is another contentious part of the current SALT talks.

Mr. Carter must however know full well that the Soviet Union, pleased though it may be about the B-1, will not react favourably to the emergence of the Cruise into the full light of day. Nor will the Russians be happy that Mr. Carter apparently deliberately did not mention the other versions of the Cruise, whose deployment the Soviet Union is much more anxious to halt.

But if the Russians can take comfort from what they may regard as a limited victory, the same cannot be said of the Hawks on Capitol Hill, or of Rockwell International. The Air Force, the hawks and Rockwell had argued that the B-1 was a unique aircraft whose immense speed, phenomenal manoeuvrability, and ability to fly very low made it a weapons system the United States could not afford not to build.

## Expensive

However President Carter argued all through last year's election campaign that the aircraft was too expensive and unnecessary. Mr. Carter said again this morning that he had been more than ever convinced of this by the recent estimate that each aircraft may cost as much as $112m. In a clear reference to the likelihood that prices will climb still further, he said that he had paid particular attention to the "analysis of ultimate costs of the weapons systems."

Rockwell, which last year had a 32 per cent. increase in defence contracts which totalled altogether $966m., has always argued that it could survive the cancellation of the B-1 contract. Last December Mr. Robert Anderson, the company's president, said that "substantially all costs are indemnified" if the project is cancelled. He also gave a glimpse of what the company might have expected if the project had gone ahead. By the 1980s, he said, the bomber might have yielded Rockwell as much as $1bn. a year in sales and $1[illegible] share in annual earnings.

# U.S. stresses commitment to relations with China

BY JUREK MARTIN, U.S. EDITOR — WASHINGTON, June 30.

THE CARTER Administration is going to some lengths to stress its commitment to developing full diplomatic relations with the People's Republic of China.

In his Press conference this morning, President Carter emphasised the U.S. intent to live up to the Shanghai communique of 1972 which set out the principles for establishing relations.

In a speech on Asian policy last night in New York, Mr. Cyrus Vance, the Secretary of State, did much the same. Intriguingly, Mr. Vance did not mention by name the government in Taiwan, an omission which the State Department acknowledged as deliberate.

Mr. Carter skirted around the question of whether the U.S. would have to abandon its defence commitment to Taiwan in order to open full diplomatic relations with Peking. He noted that, under the terms of the Shanghai communique, the two Chinas were to resolve their own differences.

He also observed that there were other countries which managed to maintain full diplomatic ties with Peking and fruitful commercial ones with Taiwan. He hoped that the U.S. would be able to ensure that the letter would be able to remain in peace.

Mr. Vance, who is to visit China in late August, broke no new ground in his speech, probably because the current foreign policy review of Asia is not yet completed.

But the tenor of his remarks was clearly designed to emphasise to Peking U.S. willingness to find a way to establish full relations. He acknowledged that considerable differences persisted between the U.S. and the People's Republic, "but the Chinese and American people no longer face each other with the hostility, misunderstanding and virtual complete separation that existed for two decades.

"We consider friendly relations with China to be a central part of our foreign policy," he stated.

Both the President and Mr. Vance accepted the view, embodied in the Shanghai communique, that there is one China. But Mr. Vance also urged Peking to show reciprocal interest in improving relations with the U.S.

Mr. Vance also referred to the existence of current "constructive" talks between Chinese and U.S. representatives. The President, however, said this morning that these exchanges were essentially confined to laying the groundwork for Mr. Vance's visit.

# Tax reform plan may be held up until 1979

Mr. Michael Blumenthal, the U.S. Treasury Secretary, said tax reform proposals being prepared by President Carter probably will not be effective before the 1979 tax year, Reuter reports from Washington.

Since the proposals will not go to Congress until late summer there is little hope the programme can be enacted before well into next year, he said. Reforms likely to be included would affect the standard deduction, and the Domestic International Service Corporations (DISC) system which exempts certain overseas corporate income from U.S. taxes.

## Trudeau to Schmidt

Prime Minister Pierre Trudeau said he will seek Chancellor Helmut Schmidt of West Germany's views on Euro Communism during the Chancellor's visit to Canada next week. Asked at weekly Press conference what subjects he expected to discuss with Herr Schmidt, Mr. Trudeau mentioned the world economic situation following up on the London summit conference and Canada's safeguards surrounding its uranium sales.

# Senators back policy on Israel

BY OUR OWN CORRESPONDENT — WASHINGTON, June 30.

PRESIDENT CARTER'S comment to-day, that Israel and the U.S. should suspend further public comment on each other's positions until Mr. Menachem Begin, the Israeli Prime Minister, comes to Washington, co-incided with a letter of support for the President's position from nine key Democratic senators.

At his Press conference, the President said that the main outline of the U.S. view on the Middle East was now well enough known, and that very little could be gained by going over the ground again in advance of Mr. Begin's visit on July 19. He said that he was looking forward to this with "great anticipation" and that, whatever hard choices Israel had to make, U.S. support for Israeli independence remained as "pre-eminent" as it had always been.

Mr. Carter's remarks came in response to questions about charges by Sen. Jacob Javits and others that the Administration is pressing Israel to the wall, and trying to impose a Middle East settlement heavily biased in favour of the Arabs. Mr. Carter rejected this criticism to-day and said that it was important that the problems of the area — and the conflicting views held about them by both sides — should have been fully discussed.

Meanwhile, a group of Democratic senators came to the President's defence with a public letter to the White House, although its wording was the subject of much argument on Capitol Hill before it was sent.

Among the signatories of the letter was Senator Robert Byrd, the majority leader, and Senator Hubert Humphrey. They told the President, "you have our strong support in the Senate for your efforts to help Israel and the Arab states to secure a genuine and lasting peace."

However, the letter stopped short of endorsing the details of the Administration's policy and confined itself to observing that the President was correct in pushing for a settlement which would include "the establishment of mutually accepted and secure boundaries recognised by all," and "a fair and permanent solution to the problems of the Palestinians in a way that will contribute to a lasting peace."

This delicate phrasing was in itself perhaps a warning to Mr. Carter that even his closest allies in Congress are determined to make sure that Israeli interests are safeguarded. The signatories note, "we endorse your view that peace cannot be imposed from outside and that the U.S. does not intend to present the nations involved with a plan or a timetable or a peace map."

## Black Panther plan

Huey Newton, the American Black Panther leader, says he was framed by the Central Intelligence Agency and will return to California in an attempt to prove his innocence of a murder charge, UPI reports from Toronto. "It's clear the CIA and other police authorities directed most of their energies to crush the Black Panther party and its leadership in particular," Newton said.

## Paper wage pact

International Paper Company said a new two-year labour agreement has been ratified by joint union unions representing about 10,000 of the company's hourly-paid employees in 10 pulp and paper mills in the south, Reuter reports from Jackson, Mississippi.

The company said the new agreement provides for a two-year contract with a 10.5 per cent wage increase on June 1, 1977 and a further 10 per cent rise on June 1, 1978.

# Argentine rail rationalisation

By Robert Lindley

BUENOS AIRES, June 30.

LARGELY by the anticipated pensioning off of staff this year, the Argentine State Railways will begin 1978 with a personnel of 131,000, fewer than the railways had when they were owned by the British, before 1947.

The President of the Argentine State Railways, retired Army Gen. Tomas Jose Caballero made this announcement to a conference at the railways' headquarters here. He said that the drive to rationalise the railways, which cost the Treasury $778m. in 1974 and $555m. last year and, Gen. Caballero estimates, will cost the Treasury $345m. this year, continues, with the whittling of 15,000 from the personnel in 1977, about 10,000 of them by anticipated pensionings.

# Carter foresees Panama Canal treaty shortly

WASHINGTON, June 30.

PRESIDENT CARTER said today that the United States and Panama have reached agreements on most major issues of the Panama Canal negotiations and predicted that a new treaty could be ready this summer.

"We are putting in a lot of time in the Panama Canal Treaty negotiations and I hope that we will have a successful conclusion this summer," Mr. Carter told a news conference. "I think that General (Omar) Torrijos (Panama's Chief of Government) feels the same way," he said. "I have been encouraged so far."

Mr. Carter declined to predict whether Congress would ratify a new treaty. "I can't give you an answer because I don't know yet," he said. "We are trying to keep members of the Senate and others informed about progress, as well as I am being informed, so that when we reach a conclusion it will be one that can be confirmed by Congress."

"The major questions that were identified at the beginning, have fairly well been concluded. One of the disagreements at this point is in the payment of portion of tolls from the Panama Canal to Panama and the exact financial arrangement," the President said.

That is one of the remaining issues now being negotiated in Washington between the two countries. The points on which agreement has been reached include the termination date for treaty—December 31, 1999. UPI

## Chrysler prices up

Chrysler Corp. is raising prices an average 4.7 per cent on a substantial number of replacement parts for its cars and trucks, AP-DJ reports from Detroit.

The increase follows similar boosts put through by General Motors (GM) Corp. and Ford Motor Company earlier this year. None of the car makers publicly announced their higher prices but confirmed them in response to questions. All blamed rising costs of labour, materials and freight.

## Concorde success

Air France's Concorde service between Paris and Washington has proved so popular, the airline said in London yesterday, that daily flights are to be introduced from July 11. Since the service was started on a three-weekly basis in May last year, the average load factor has been 70.1 per cent, but on an upward trend, touching 83.1 per cent in May, 1977, and 83.9 per cent in June.

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# Assad says Israel is planning a blitzkrieg

By Ihsan Hijazi

BEIRUT, June 30.

PRESIDENT Hafez Assad of Syria hinted in a Press interview published here to-day that he would like to withdraw his troops from Lebanon as soon as possible and have them stationed instead on the Golan front with Israel.

He told the daily Al Anwar that the Likud Government in Israel was preparing for a "blitzkrieg" against the Arab states to fulfil its dream of setting up a "greater Israel" at Arab expense.

The Arabs, he said, "must understand these facts and end all their conflicts so they may face the danger as a united front."

Under the circumstances, he said, "It is not at all in our interest to keep our forces spread in Lebanon ... especially now that we need every soldier so he may perform his duty on the front."

Syria has about 30,000 soldiers in Lebanon making up the backbone of the Arab League's peace-keeping force which was sent here seven months ago to end the civil war.

There is a consensus that if these troops should leave now, Lebanon would plunge into civil strife.

President Assad said his forces will not stay one day after President Elias Sarkis of Lebanon decides that they should leave. No such decision has been taken yet because of the difficulties facing the Lebanese armed forces, Mr. Assad said.

"Everything Menahem Begin (the Israeli Prime Minister) and his clique have been saying and doing indicates that war is their natural inclination," he added.

"They have grown up in violence and terrorism and bred on dreams that the problem of Israel cannot be solved peacefully, nor will it have secure borders except by launching a blitzkrieg that will lead to the rise of greater Israel on the debris of the Arabs."

Advocating greater Arab unity, Mr. Assad said: "We must be convinced that might is right."

Reuter adds: Mr. Abdel Halim, the Syrian Deputy Premier and Foreign Minister, is due in Paris to-morrow for talks with President Valery Giscard d'Estaing and other French leaders on prospects for a peaceful settlement of the Arab-Israeli conflict.

His talks begin on Friday morning with M. Louis de Guiringaud, the French Foreign Minister. Mr. Khaddam will then meet Prime Minister Raymond Barre and President Giscard.

# Somalia denies having attacked border post

BY JAMES BUXTON

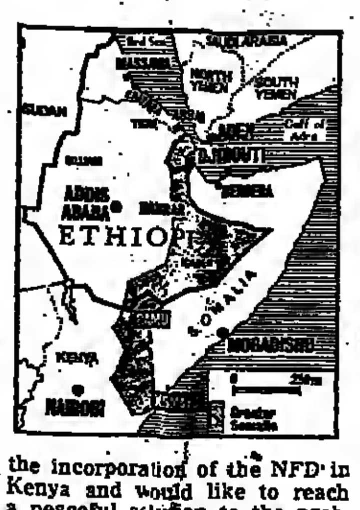
SOMALIA has strongly denied Kenyan claims that 3,000 Somali troops attacked a border post in northern Kenya last Monday. A Kenyan Government statement claimed that six Kenyan policemen, a Somali lieutenant and six Somali soldiers were killed in the incident, which was said to have taken place at Ramu, near the Kenyan border with Somalia and Ethiopia.

A spokesman in Mogadishu, the Somali capital, said yesterday the allegations were baseless and that relations between Somalia and Kenya were "improving day after day." Somalia had no intention of attacking Kenya and would never have any intention of doing so, he said.

The spokesman pointed out that Ramu is near the Ethiopian border and said that the attack clearly came from the Ethiopian side. He did not rule out that an attack could have occurred.

Kenya however yesterday told the ministerial meeting of the Organisation of African Unity in Libreville, Gabon, that 3,500 men in Somali uniforms had invaded the northern region, followed by a further 6,500 men next day, and said that Kenya's territorial integrity was threatened.

Somalia regards the Northern Frontier District (NFD) of Kenya as part of Greater Somalia since it is largely inhabited by Somalis. After Kenya became independent in 1963, there was sporadic guerilla fighting in the area which led to an accord between the two states in 1967. Since then the border region has been fairly quiet and relations between the two countries have improved. Somalia regards Britain, the former colonial power, as responsible for




the incorporation of the NFD in Kenya and would like to reach a peaceful solution to the problem acceptable to both sides.

The Kenyan authorities have apparently produced no evidence that the incident occurred. Somali sources believe that if any raid did take place it could have been a spillover from the rebellion taking place in the adjoining Ethiopian province of Bale.

It is also possible that a number of Somali guerillas operating in the nearby Ogaden region of Ethiopia, which is also regarded in Mogadishu as part of Greater Somalia, could have staged an attack, though it seems highly unlikely that this would have been sanctioned by the Somali Government.

Kenya is concerned at its isolation in East Africa, accentuated by the breakdown of the East African Community. It is also concerned at the growing tensions in the Horn of Africa and may fear that the anti-Ethiopian fighting in the Ogaden could eventually involve the NFD. If the Ogaden were to fall into Somali hands there could be greater pressure on the NFD.

Although President Jomo Kenyatta does not have good relations with the Ethiopian regime of Col. Mengistu Haile Mariam, a defence pact between the two states is still formally in existence and the Kenyan Government may wish to warn Somalia that it is not prepared to tolerate any violation of its territory.

# Yacht crew goes to jail

MOGADISHU, June 30.

TWO EUROPEANS and a South African were to-day sentenced to one year imprisonment each for illegal entry into Somalia, and a Dutchman was given a two-year sentence, after their trial here.

All four were acquitted on espionage charges, for lack of evidence, but were fined on the illegal entry charge, brought after their yacht, Julia II, ran aground near Hafun, Northern Somalia.

George de Neef, the Dutch skipper, was fined 12,000 shillings (£1,110) and jailed for two years, Jane Wright, 20, from Britain, Charlene Hollis, 23, of South African and Walter Derin, 33, from Switzerland, were each fined 10,000 shillings and jailed for a year.

The yacht will be confiscated by the state. Reuter

# The EAC is dead, says Kenya

BY OUR OWN CORRESPONDENT

NAIROBI, June 30.

THE EAST African Community is dead, Kenya Government officials say, because neither Kenya, Uganda nor Tanzania have provided funds for community services in the new financial year, starting on July 1.

Kenyans working at the community headquarters in Arusha, northern Tanzania, have been instructed to return home, and the Kenya Government says it is making special arrangements to provide transport from the border point at Namanga for the several hundred Kenyans concerned.

The land border between Kenya and Tanzania was closed by Tanzania early this year, the most serious incident to arise from the hostility between the two states, but community employees have been allowed to cross the border after receiving special permission from the Tanzanian authorities.

Some Kenyans, however, complain of harassment from the Tanzanian authorities, and reports here say the Kenyans have been ordered to vacate their houses in Arusha by midnight tonight, despite the impossibility of getting permission and facilities to transport their belongings.

Kenya's Permanent Secretary in the President's office, Mr. Geoffrey Karilthi, said Kenya would take over the services at present run by the community in this country.

This does not appear to affect the railways, which are already separated from the Tanzanian and Ugandan railways, or the harbours, as there are now separate organisations for the seaports in Kenya and Tanzania. The Post Office still operates under the name of the community, but its three regions finance themselves and work virtually independently.

Kenya has already taken over the civil aviation and meteorological services formerly operated by the community. Now the Customs and Excise Department, the largest still under community control, is likely to follow suit.

# Marcos to release detainees

The Philippines Government has ordered the release of 500 people detained under martial law, bringing to 1,000 the number of prisoners freed from military custody this week, a Government official said yesterday, UPI reports from Manila. Mr. Francisco Tatad, the Information Secretary, said the list of those to be released was still being completed by Defence Department authorities.

Last Sunday, President Ferdinand Marcos authorised the release of 500 prisoners, 168 of them accused of security offences and the rest described as common criminals. As of June 3, the President said, 4,764 people were held under martial law, 3,913 of them being held for common crimes.

Meanwhile, the military authorities, warning of possible urban terrorist attacks, yesterday restricted the entry of members of the main Moslem Rebel secessionist group into major cities and towns in the southern Philippines.

Members of Moro National Liberation Front who wish to enter any city or town in the Mindanao-Sulu region will need clearance from the local MNLF commander and approval by the highest ranking military commander in the area.

## Laos frees Britons

Three British subjects arrested last week by the Laotion Government were released yesterday, according to diplomats in the British charge d'affaires in Vientiane, Mr. Peter Barlowe, UPI reports from Bangkok. The three were voluntary service overseas workers Ray Francis Oram, 26, his wife Soufitra, and Alistair James Kennedy, 22, were reportedly arrested last Thursday as they arrived for a party at the home of Australian journalist John Everingham, 30, who was also arrested.

## India-China trade

China has agreed to allow Indian ships to carry cargo to Chinese ports, and the way is now clear for resumption of Sino-Indian shipping contacts after a gap of 15 years, K. K. Sharma writes from New Delhi. This follows recent trade contracts signed by Indian public sector companies at the Canton fair, the first since commercial relations were broken after the 1962 border war.

ON OTHER PAGES



# West to support move to give arms to Mozambique

UNITED NATIONS, June 30.

WESTERN powers were to-day ready to go along with a resolution which would allow foreign countries to pour unlimited military hardware into Mozambique, diplomatic sources said.

The resolution, expected to be approved by the Security Council, was tabled by Third World members last night in response to a Mozambiquan complaint that Rhodesian forces had committed repeated acts of aggression against it.

The resolution requested "all states to give immediate and substantial material assistance" to enable Mozambique to strengthen its defences. But it ruled out any U.N. approval of the introduction of foreign troops.

The sources said that the U.S., Britain and France were poised to agree to the resolution but their individual responses to it had indicated that Washington was not in total agreement with Paris and London on ways of handling the situation in southern Africa.

The Third World Council members, heeding western objections, amended their original proposal calling on all states for "practical assistance" for Mozambique, which could have included troops. They substituted the phrase "material assistance."

On Tuesday, Sr. Marcelino dos Santos, vice-president of the ruling Frelimo movement in Mozambique, told the council, "our people needs arms."

Mr. Radha Krishna Ramphul of Mauritius, who introduced the resolution, also agreed to other, less important changes suggested by Mr. Ivor Richard, the British ambassador, negotiating for the western powers.

But Mr. Andrew Young, the U.S. ambassador, was believed to have had no serious objection to the original draft, the sources said. Mr. Young has defended the Cuban military presence in Angola and Ethiopia, and praised what he called the "pragmatism" of the Mozambiquan government.

The resolution calls for the Security Council to condemn strongly "the illegal racist minority regime in Southern Rhodesia for its recent acts of aggression against Mozambique," and South Africa for supporting the Salisbury government in defiance of U.N. sanctions.

In Lusaka, official posters appeared on the streets to-day warning Zambians to be on their guard against possible attack from Rhodesia. The posters, in response to a warning last month by Mr. Ian Smith, the Rhodesian Premier, of possible raids across the border into Zambia, were produced by the Zambian Defence Force.

They call on Zambians to be alert for any eventuality, to co-operate with troops at roadblocks, and to help in the search for Mr. Adamson Mushala, leader of a small band of anti-government guerillas operating in the remote north-western province.

Reuter

## SEATO hauls down its flags

By Richard Nations

BANGKOK, June 30.

THE SOUTH-EAST Asia Treaty Organisation (SEATO) hauled down its flags for the last time to-day and the most lively event marking the demise of this last retreat for cold warriors in the region was a hectic auction of its office furniture.

The six member nations—the United States, Britain, New Zealand, Australia, Thailand and the Philippines — agreed two years ago to dismantle SEATO in view of the communist victories in Indo-China, and the trend towards detente diplomacy which greatly relaxed the rigid attitudes towards communism current in the early 1950s.

Not all that SEATO stood for will disappear: the 1954 Manila Pact allows any member country to intervene on behalf of another in the event of communist aggression. Moreover, the anti-communism of the governments in the region has increased over the past two years almost in pace with the retreat of American power.

## Japan-USSR talks

Japan and the Soviet Union began talks here yesterday on an interim agreement for Soviet fishing quotas inside the Japanese 200-mile zone which comes into effect to-day, Reuter reports from Tokyo. The Japanese Government this week decided to delay applying the zone's restrictions to Soviet fishermen for the rest of the year pending conclusion of a final agreement.

# Tough Tokyo line on reserves

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 30.

JAPAN is not prepared to dispose of dollar interest rate earnings on its foreign exchange reserves in the Tokyo foreign exchange market—as suggested by the United States—Mr. Michiya Matsukawa, the Vice Minister of Finance for International Affairs, said to-day.

Mr. Matsukawa said that the proposal, informally raised by Mr. Michael Blumenthal, the U.S. Treasury Secretary, at last weekend's OECD meeting, conflicted with the principle that the disposal of funds acquired through official channels was a matter for the government concerned.

He also pointed out that Japan had kept the bulk of its reserves in dollars, rather than converting them into gold, precisely because of the incentive provided by interest rate earnings in dollar assets.

Japan estimates the interest earned on foreign currency reserves at about \$1bn. a year. Total annual turnover on the Tokyo foreign exchange market is about \$170-180bn. a year, so the channelling of interest rate earnings on to the market would make a small but significant difference to the supply of funds on the market.

Mr. Matsukawa said it was not true that West Germany disposes of interest rate earnings from its foreign exchange reserves on its local market, although he conceded that German reserves have not grown so inexorably as Japan's have recently.

Despite his tough line on the Blumenthal proposal, Mr. Matsukawa admitted that Japan has to study ways of coping with the sharp increase in its balance of payments surplus. Additional measures, possibly including some special stimulus for imports, would be studied but Japan was not going to take the "very strong line" followed in 1973 when the Government went all out to maximise imports and in doing so caused a massive balance of payments deficit.

The dollar sank steadily to Y266.50 yesterday, its lowest level for nearly four years, having opened at Y267.60, Reuter reports from Tokyo. The Bank of Japan was not seen in the market.

Japan's recent trade performance was in any case less formidable than might appear, Mr. Matsukawa argued, because the volume of exports was falling even though their dollar value continued to rise substantially. In May the dollar value of exports was up 16 per cent. over a year earlier, but in yen terms the rise was only 6.6 per cent. and export volume was down 0.5 per cent. from a year earlier.

Mr. Matsukawa sounded unworried by the recent appreciation of the yen.

The authorities had, he said, "opened their eyes widely to the psychology of business circles" and had been acting accordingly. This explained why the Bank of Japan had not felt obliged to intervene heavily in the market during the past few days.

Mr. Matsukawa did admit to some concern, however, at what was happening to the yen on overseas exchange markets such as London and New York. He explained that the current imbalance between Japan's yen-denominated exports and its yen-denominated imports (with the former far in excess of the latter) tended to make for a situation of yen "starvation" on some overseas markets.

WORLD TRADE NEWS

# U.S. exports depress Swedish pulp outlook

BY WILLIAM DULLFORCE

STOCKHOLM, June 29

SWEDISH pulp and paper manufacturers who experienced a profit slump in 1976 can expect a further downturn this year. A sombre report issued by their association shows no improvement in pulp sales and a chequered picture for paper and board.

Fine paper producers face a crisis due to West German and French intrusion on the British market.

Increased demand for pulp this year from the west European market has not benefited the Swedish mills. Their exports are level with last year while prices have been pressed down.

The main problem for the Swedes, and for the Finns, has been high north American exports to western Europe, despite the improvement on the domestic U.S. market.

The Swedish pulp mills started to cut production last autumn after their unsold stocks had reached 1.5m. tons. They have since been running at 70-75 per cent. of capacity but have reduced stocks by only 100,000 tons. Mill managers say they will also restrict output in the third quarter to ease the stock pile-up.

The Pulp and Paper Mills Association says increased use of recycled paper on the European market, particularly by British and Dutch papermakers is also depressing Swedish pulp.

New suppliers have also come to the market, as the west European mills have dropped their standards and accept lower quality, cheaper pulp.

The pressure on prices has come mostly from non-traditional north-American exporters who unload marginal quantities on the European market, in the association's view.

It sees an improvement in the spot-lot prices recently, as the American pulp is being absorbed by the expanding domestic market, but it notes, "some signs of a decline in the order intake and market activity on the Continent during April and May."

During the first four months of the year the Swedish paper industry increased production by 7.8 per cent. and exports by 10.9 per cent. compared with the low levels of the corresponding period last year. It was still working below capacity and even newsprint manufacturers expect to average at most 80 per cent. utilisation this year.

Producers of wood-free writing and printing (fine) papers are operating at only 65 per cent. of capacity, although they have built large, modern units which should be competitive. Current west European prices are not enough to cover production costs.

The Swedes have traditionally held a substantial share of fine paper imports by the British market which has been invaded by West German and French producers.

# Special case for Japan urged

BY DAVID HOUSEGO

VICOMTE DAVIGNON, EEC Commissioner for Industrial Affairs, warned in London yesterday of indefinite friction between Europe and Japan unless trading policies were harmonised. He urged action within months.

M. Davignon said the planned rundown of the European steel industry between 1980 and 1985 could coincide with an expansion of Japan's capacity, risking confrontation. Europe would not pay the social and economic costs of cutting back its industry to the advantage of another country.

Further problems could arise over European and Japanese restructuring of shipbuilding and textiles. He did not explain how such coordination should exist. Speaking at a Chatham House conference on "Japan and the International Economy," M. Davignon urged that Japan be treated as a special case outside the framework of GATT.

He said the Japanese free market system was different from Europe's, and we could not rely on export promotion campaigns as a means of resolving the trade imbalance, while Japan held down its imports.

Japan's export drive and its penetration of key European markets had been achieved by a combination of government credits, co-ordination of investments among competitors and strong marketing strategy. Also there were structural obstacles to exporting to Japan which could not be overcome by greater effort alone.

Mr. Davignon criticised bilateral agreements between Japan and community members—though these were what the Japanese preferred—as being too fragile.

They resulted in friction between European countries as Japan played one against the other. He called for a Community approach as the only way to match Japan's negotiating muscle and to achieve stable agreement.

# Venezuela aluminium deal

CARACAS, June 30.

IN AN effort to develop non-petroleum sectors, Venezuela has entered into an agreement with six Japanese companies for a $550m. aluminium smelting project.

The joint venture—involving Corporacion Venezolana de Guayana (CVG), a state-run agency, and the Japanese companies — provides for the production of 280,000 tons of aluminium annually at a new plant currently under construction and called Venezolana de Aluminio (Venalum), which is located in the province of Guayana, in the far east of the country.

The proposed production will be in addition to nearly 60,000 tons a year currently being produced by the U.S.-Venezuelan aluminium company, Aluminio del Caroni (Alcasa). CVG and Reynolds International hold interests in Alcasa, which is scheduled to raise production to 125,000 tons annually in the next few years.

The Japanese group includes Showa Denko, Sumitomo, Mitsubishi Chemicals, Mitsubishi Metals, Marubeni and Kobe Steel, which are committed to provide 20 per cent. of the $550m. investment. CVG's equity share will be 80 per cent.

Under the contract, the Japanese will have priority to purchase 150,000 tons of the yearly output and will enjoy a 6 per cent. discount below the Alcan-posted price.

AP-DJ

Joseph Mann adds: Venezuelan petroleum sales for the first quarter of 1977 were worth $2.51bn., Gen. Rafael Alfonzo Ravard, the chairman of the state oil monopoly, stated.

# China needs $1.5bn. foreign exchange

NEW YORK, June 29.

CHINA WILL need $1.5bn. in foreign exchange this year to meet deferred payments coming due and other commitments, Bank of America vice-president and Asia representative Louis B. Saubolle said the money will come from exports, remittances from Hong Kong and overdrafts and deferred payment facilities at foreign banks.

China's foreign reserves are not known, he added. But he said last year $1.5bn. in foreign exchange went to China from Hong Kong. Mr. Saubolle said if present levels are maintained, annual foreign currency earnings for oil will only be about $700m. this year, considerably below 1975.

It is now being said the import of foreign technology is important for China's development and this will need increased exports to gain the needed foreign exchange, he added.

He expects last year's Chinese surplus of about $900m. in total foreign trade, the first for many years, will set a continuing trend. China will become a challenger to the U.S. on an economically competitive basis in the 1980s, he said. Reuter

# Lonrho avoids Arab blacklist

By James Buxton

THE Arab Boycott Office has told Lonrho that it will not be blacklisted in the Arab world, despite a distant involvement of one of its subsidiaries with Israel.

Lonrho was warned in August, 1975 that it would be reviewed by the Boycott Organisation as a result of the licence granted by its subsidiary Wankel to the Israeli company Savkel for the production of Wankel rotary engines. The licence was sold to the Israeli company by the German company NSU before it was taken over by Volkswagen and before Lonrho acquired patent rights to the engine.

Lonrho has submitted documents to the Central Boycott Office in Damascus and the Commissioner-General of the Boycott, Mr. Mohammed Mahgoub, has said that it is prepared to clear Lonrho and its subsidiaries.

EEC/EFTA

# Taking down the tariff barriers

BY DAVID BUCHAN

BRUSSELS, June 30.

TO-MORROW—JULY 1—marks a series of complex tariff changes in Western Europe. All industrial products tariffs finally disappear between the three new members of the EEC and the original Six. But perhaps the most important change—and the one that will virtually create an industrial free trade market of some 300m. West Europeans—is the abolition to-morrow of most industrial tariffs between the EEC itself and six members of the European Free Trade Association (EFTA).

This does not effect one EFTA member, Portugal which not only was allowed greater industrial protection under its free trade agreement with the EEC, but has now placed itself in a special category by its request for full EEC membership. Nor is the path to industrial free trade with the Community entirely smoothed for the other six EFTA members, Austria, Switzerland, Sweden, Finland, Norway and Iceland. EEC tariff ceilings remain for certain sensitive items in their exports, notably for steel (until 1980) and pulp and paper (until 1984).

The net effect of this for the U.K. and Denmark, the two new EEC entrants who were members of EFTA, is that their tariffs, from to-morrow fully aligned with the rest of the Community, actually increase on steel, paper and pulp from their former EFTA associates. This increase, which may have caught some British traders on the hop, will only be temporary—before the EEC as a whole moves towards abolishing the tariff ceilings by the 1980 and 1984 deadlines.

With the framework of industrial free trade all but established both trading blocs have been pondering the future. The EFTA heads of Government summit in Vienna in May took the initiative and called for closer co-operation and consultation with the EEC "in varying degrees of intensity." While welcoming this, the Brussels Commission made it clear that given the lack of any EFTA supranational authority and the wide diversity of its members' interests, co-operation and consultation would have to be on the present bilateral basis between individual EFTA states and the Community.

Beyond free trade agreements, there may be Austrian and Swiss transports agreements with the EEC, Swedish and Swiss nuclear co-operation agreements with Euratom, and Swedish and Austrian protocols with the European Coal and Steel Community. There are indeed some in the Commission, notably the Danish Commissioner Finn Olav Gundelach, who would like to see much closer ties with his fellow Scandinavians.

Precisely because of these limitations, Brussels officials consider that their relations with EFTA are likely to keep their present shape for the foreseeable future. The fact that last year EFTA was still the Community's largest trading partner makes it essential to exploit the new greater free trading zone to the full: last year EFTA accounted for 15 per cent. of total EEC imports and 22.5 per cent. of exports.

True, between 1973 and 1976 trade between the EEC and EFTA increased less fast than between EFTA and the rest of the world. But the Community, which runs a deficit on world trade, cannot have been unhappy to see its surplus with its EFTA partners increased from $6bn. to $8.3bn. last year.

All EFTA and EEC members share an interest in seeing the common rules of origin procedure simplified. These checks have been the cornerstone of EFTA, but their importance has increased with the expansion of the free trade zone to include the vast single market of the Community. Without effective rules of origin being enforced, third country goods could enter tariff-free into the EEC via, say, Sweden or Switzerland. Happily, customs rules is one area in which EFTA and EEC officials work very closely.

Both EFTA and the EEC have certain grievances about the use of protective safeguard clauses. As regards EFTA exports, these concern the operation of tariff ceilings; these allow what Brussels regards as sensitive products to enter the EEC below a certain annual quantity at a preferential rate. The ceilings are supposed to rise by 5 per cent. a year. But to the annoyance of the Swedes, the EEC has frozen most of its paper import ceilings for the last two years, and the European paper manufacturers association, CEPAC, would like to see even tougher action taken. The Swedes are gloomily doubtful of catching up on this effective 10 per cent. loss in the increase of their tariff ceilings until the general EEC economy picks up.

The EEC has been much less active in freezing similar ceilings on steel and, in the case of Norway, aluminium. That for Swedish ferrochrome was frozen for a short time in 1976; but such is the demand for aluminium in the EEC that Brussels has put no obstacle in the way of the import of Norwegian aluminium (cheap because of Norway's plentiful hydro-electric power.)

EFTA countries, too, have taken action affecting Community exports. Finland, this year imposed an import charge on rubber boots, and earlier, along with Austria, one on women's tights. Sweden put restrictions on shoes in 1975, which are to be lifted to-morrow, though those on boots will continue until the end of 1977.

But the verdict of Brussels officials is that the Community and EFTA have done well to have come through a long economic depression with so few protectionist recriminations. The hope is that this record can be maintained.

The disappearance of customs duties on industrial goods traded between the EEC and EFTA to-morrow will give British manufacturers a home market of nearly 300m. people in 16 countries. It marks the virtual end of the four-year transitional period since the U.K. joined the EEC. Mr. Edmund Dell, Secretary of State for Trade, urges exporters to treat this new home market as "a number one priority."

# A red letter day for Israel too

BY L. DANIEL

TEL AVIV, June 30.

JULY 1ST is a red letter day on the Israeli calendar. It represents the culmination of two decades of intensive efforts to gain duty-free entry for Israeli industrial products to the European market. The EEC last year took 36.6 per cent. of Israel's total exports of $2.4bn. and supplied 43 per cent. of the $4.1bn.-worth of Israeli imports.

As from to-morrow, Israeli industrial goods can be imported into the market free of customs duty (80 per cent. till to-day). This is the result of the Free Trade Zone agreement concluded between the EEC and Israel in May 1975, implementation of which by stages was started by both sides in July of that year. The agreement has since been enlarged by an additional Industrial, Technical and Financial Protocol designed to help develop Israel's economic and industrial infra-structure and to encourage sales of Israeli products to Europe in view of the heavy imbalance of trade in favour of the Nine.

Simultaneously with the elimination of the European traiffs on Israeli goods, Israel is embarking on a reduction of the customs duties on 40 per cent. of her imports from the EEC. The other 60 per cent. represent raw materials, which were not subject to duty, or items on which duty is already being cut since 1975, at the rate of 20 per cent. a year, with the process to be completed by 1980.

The 40 per cent. on which duties are being reduced progressively are largely those which Israel also manufactures or is trying to make. Since some of the industries concerned are still in the early stages of development, and others have production runs too small at present to compete successfully with those of the European industrial giants, the Israeli tariff reductions will start with a modest 5 per cent. tomorrow. But the tempo will accelerate rapidly, with a further tariff cut of 20 per cent. scheduled for 1978, to be followed by a 30 per cent. cut, to be effected at the latest by 1981 and a 50 per cent. cut in 1983 which could be postponed to 1985.

So as to take advantage of the duty-free entry now of Israeli-made goods into Europe, and to enable companies to have bigger production runs (not to mention the sorely-needed improvement in the country's balance of trade), the Israeli authorities have been at great pains to point out to companies in countries not associated with the market the advantages of operations in Israel.

The authorities are particularly interested in developing sales to Europe of products of the fast-growing chemical, metal and electronics industries, which hitherto played a relatively minor role in exports to Europe.

The $886m. worth of sales to the market last year was made up mainly of agricultural products (24 per cent.), processed foodstuffs (10 per cent.), polished diamonds (30 per cent.), petroleum derivatives (8 per cent.), and mineral products (4 per cent.). Exports of manufactured products proper thus accounted for only 25 per cent., whereas Israeli imports from the Common Market are heavily weighted in favour of industrial products.

Problems are in the offing as far as Israeli sales of agricultural produce are concerned. The EEC has granted Israel tariff reductions of from 60-80 per cent., but these are based on performance in 1975. Israeli exports of several kinds of off-season fruit and vegetables have increased substantially since then, and some types of produce were not shipped abroad at all in that year.

Israeli farmers are also concerned about the competition to be expected from Spain and Portugal after they join the EEC.

All these problems are to be discussed with the EEC next year, as is the burning one of the different standards for industrial goods being applied by the various members of the Community.





ENTERTAINMENT GUIDE

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# Leyland goes ahead with £35,000 bus

BY PETER CARTWRIGHT, MIDLANDS STAFF

BRITISH LEYLAND yesterday announced its intention to manufacture its controversial new double-deck bus the B15, despite having failed to establish a consortium with its major customers to pay for the vehicle's development.

The bus was brought out to the public gaze to try to remove what Mr. Des Pitcher, managing director of the bus and truck division called "doubts and uncertainties." It is priced at £35,000, and is cheaper than its overseas competition.

Its chief rivals are the Metro-Cammell Weymann from the Midlands-based Laird subsidiary, and a vehicle from Ailsa-Volvo in Scotland.

Doubts about the bus come from the Passenger Transport Executives, many of which dislike BL's monopoly position along with the maintenance costs and other problems associated with current models.

Leyland's bus and truck division is also faced with the implications of the Rolls-Royce bid for Foden, which makes buses. It is now confident however, of the technical and price competitiveness of the B15 and has released details following a 81,000-mile trial period of one of five prototypes with London Transport Executive. The bus will be called Titan. Mr. Pitcher said at a preview at the Motor Industry Research Association Proving Ground near Nuneaton yesterday.

Direct development costs, said Mr. Pitcher, amount to about £8m. In addition £4.5m. has been allocated to machine tool costs and transmission, axle and other major units which will be available for other models. Another £750,000 is being spent at Southall, London, to make this the centre of Titan production.

Mr. Pitcher said the division would be able to generate most of the cash for investment but he did not rule out application to the National Enterprise Board which has a 95 per cent. stake in BL.

The project did not rely on the involvement of any consortium of PTEs, he said, but two PTEs—one said to be Manchester—were going to take a stake in the equity of Bus Manufacturers (Holding) held by the State-owned bus operator, National Bus. That currently produces single deck Leyland Nationals.

British Leyland has 50 per cent. of this—which it will retain—and National Bus currently has the other half. PTEs which participate will also have a say in single-decker policies.

The implications are clearly that BL, a monopolist with an unwelcome tag of high maintenance costs, big down times and poor new vehicle deliveries, is trying to spread the responsibilities.

With the Titan and its experience with LTE, two PTEs indicating willingness to go in with British Leyland, plus discussions going on with three other PTEs, the situation is regarded as satisfactory.

# £1.7m. car part order for Brighton company

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE FIRST of the machine tool orders promised by British Leyland's car division has been placed with Kearney and Trecker Marwin, of Brighton.

The order is for a cylinder block transfer line worth £1.7m. for delivery in 13 months. It will be used to make 50,000 blocks a year for the new 2.3 and 2.6 litre six-cylinder version of the *Rover 3500*.

The three main components for this engine will be made on KTM machines, because contracts for a cylinder head line worth £2.5m. and two crankshaft lines, worth £1m., were placed with KTM some time ago.

The Government has injected £7m. into KTM during the past five years.

Leyland Cars is in the process of signing orders worth a further £3m. and has assured the machine tool makers that over the next month or two around £20m. of orders will be confirmed.

The representatives of the *machine tool* "Little Neddy" who met Lord Ryder at the National Enterprise Board to discuss the position last week came away with the impression that Leyland Cars will need about £40m. of machine tools delivered by the end of next year.

# Prestcold spending nearly £5m. on expansion

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PRESTCOLD, EUROPE'S major industrial and commercial refrigeration group, is to spend nearly £5m. this year, part of an expansion programme planned to go on to the 1980s.

The group is now the major manufacturer of compressors and condensers for refrigeration in the U.K. In May, Frigidaire, the U.S. concern owned by General Motors, gave up making them here and instead is now buying from Prestcold for sale under the Frigidaire name.

Prestcold's sales are forecast to rise by 38 per cent. to £61m. this year, of which £13m. will be direct exports and another £6.5m. from its overseas sales companies.

The forecast is that the return on assets will improve from last year's 16.2 per cent. to 20.6 per cent. and for profit before interest and tax, to rise from £5m. to £6.6m.—a 32 per cent. increase. Employment should go up from 3,800 to just under 4,000.

These statistics have been made available to Prestcold employees and a few of the figures were repeated yesterday by Mr. Denis Field, Prestcold's managing director, at the formal opening of the group's new exhibition centre at the Theale, Berkshire, headquarters.

Yesterday, Mr. Field emphasised Prestcold's "excellent industrial relations record," with only 0.01 per cent. of working hours lost through disputes at its four plants—two in the South of England and two in Scotland—last year.

# Rothmans to announce investment plans soon

BY STUART ALEXANDER

ROTHMANS International is to announce a multi-million diversification and investment programme this autumn, Sir David Nicholson, chairman, said in Geneva yesterday. There is a strong possibility the group will look overseas.

Meanwhile, it will continue to develop Alfred Dunhill, in which it has a 51 per cent. holding, including opening five more Dunhill shops in the U.S.

"It is our intention to build up a large international retail chain at the top end of the market, dealing mainly in men's goods and based on Dunhill," David added. "This would be linked to existing activities—writing instruments, toiletries and sports goods."

He would like to see 40 per cent. of Rothmans profits come from non-tobacco sources within five years. The group had £40m. in cash reserves and had enjoyed improved liquidity in the past two years.

At the end of this year there will be another once-for-all cash boost when end-product tax on cigarettes replace prepaid duty on tobacco leaf.

# Property men cleared

TWO PROPERTY men accused of conspiring over the sale of the 350-acre Tedfold stud farm near Billingshurst, Sussex, were cleared yesterday.

But the judge refused a defence application for costs. Mr. Justice Eveleigh said: "However one looks at this case it seems to me that a lack of proper professional standards, to put it mildly, has brought trouble on themselves. I do not think it right in circumstances like that that public funds should bear the costs."

Estate agent Derek Ritchie, 51, of Loves Farm, Wisborough Green, Billingshurst, and John Guthrie, 60, managing director, of Broadland Properties, of Church Meadows, Scarborough, Yorkshire, denied two counts of conspiring to defraud the owner to Tedfold, Mr. David Jackson. Broadland Properties also denied the charges.

The Crown alleged that on

Ritchie, who was acting for Mr. Jackson, and Guthrie plotted to keep quiet about the offer of a Broadland bid of £225,000 would be accepted. Later, it was said, the company sold the estate for £400,000.

The jury could not reach a verdict on count one, which alleged that the company, Ritchie and Guthrie, conspired to defraud Mr. Jackson by agreeing that Ritchie should refrain from offering Tedfold to any other prospective purchaser.

A "not guilty" verdict was reached on the second count which alleged that the company, Ritchie and Guthrie conspired to defraud Mr. Jackson by agreeing that he be induced to exchange contracts with Broadlands at a purchase price less than that which Ritchie and Guthrie and Broadland believed to be its true market value.

Five minutes later, the jury returned a "Not Guilty" verdict on the first count.

Glyn Genin

# Garages compelled to show petrol prices clearly soon

BY DAVID FREUD, INDUSTRIAL STAFF

GARAGES will be required to display petrol prices clearly from August 12 under a Government order announced yesterday by Mr. John Fraser, Prices and Consumer Protection Minister.

The order has been introduced because voluntary measures have not worked. Mr. Fraser said: "There has been only 50 per cent. observation. Now that the measures have been made compulsory, we expect them to be 100 per cent. observed."

Britain's 30,000 filling stations and garages will face a £400 maximum fine if they do not comply with the new rules, which come into force a week after petrol tax is due to be cut by 5½p.

All garages will be required to indicate on or near each petrol pump the highest price of every grade of petrol dispensed from that pump.

Garages advertising cut price offers will have to display — so that they are clearly visible from the road — all the conditions attaching to sales at these prices. This information must be separate from information not required by the order and at least as prominent as other displays designed to promote sales of petrol. These details will have to be repeated again at or near the pumps to which they apply.

On the roadside display the lowest net prices for at least two grades of petrol, one of them four-star, must be shown.

Garages will be free to choose to display either the lowest net price alone or a higher price, applicable reduction and the resulting lower price.

Mr. Fraser said it would be an offence to display figures after the decimal point in lettering smaller than half the size of the main figures.

The department will also be looking into the possibility of banning the use of decimal points entirely, thereby holding gradations in the selling price to halfpennies.

Yesterday the Motor Agents' Association said it believed the main provisions of the new order would be generally welcomed by members, who had worked extremely hard to make the voluntary agreement succeed.

But it said: "We deplore the requirement that the information displayed outside the site should be repeated on every pump. This will create additional confusion and will be expensive and difficult to implement.

"The association is interested to note that under the new order alternative offers, such as money-off or trading stamps, will no longer be possible. This limitation could produce a significant change in the pattern of stamp trading on forecourts."

# Manufacturing industry capital investment falls unexpectedly

BY MICHAEL BLANDEN

THE LEVEL of capital investment by manufacturing industry fell in the first quarter of this year, it is confirmed by the latest Department of Industry figures.

This movement was against the general expectation of a recovery in capital spending. But the Department thinks that the drop was a temporary aberration in the figures and did not indicate a reversal of the underlying upward trend.

The latest survey of investment intentions by the Department, published at the beginning of June, indicated that expectations had been substantially revised downward from earlier investment plans.

Volume of investment by manufacturing industry was expected to rise by about 6 to 10 per cent this year, though the survey confirmed the likelihood of a strong upsurge of 20 per cent. or more next year.

The revised estimates published yesterday showed that the volume of investment in both manufacturing industry and the distributive and service industries (excluding shipping) fell in the first quarter.

Capital spending by manufacturing industry for the period was estimated at £414m. (at 1970 prices and seasonally adjusted). This was just £4m. higher than the previous provisional estimate, and represented a fall of 2 per cent. from the level in the fourth quarter of 1976.

The revised estimate of capital expenditure by the distributive and service industries, excluding shipping, is about £478m. for the first quarter, £2m. higher than the provisional figure and also showing a decline of some 2 per cent. from the final quarter.

It was also confirmed that there was a sharp rise of over £300m., at 1970 prices, seasonally adjusted, in the level of stocks held by manufacturers, wholesalers and retailers in the first quarter.

Revised figures indicate that manufacturers' stocks increased by about £180m. on this basis, a rather smaller rise than the £200m. shown in the provisional figures. Stocks of all assets seem to have risen substantially, with materials and fuels up by about £60m., work in progress by some £70m. and finished goods £50m.

Wholesalers' stocks rose by about £50m. on the same basis and retailers' stocks about £80m.

# Industrial management warning

Britain is likely to end up nearer the bottom than the top of the league of industrial manufacturing nations unless management in manufacturing industry is more professional and effective. This warning is given today by Dr. H. P. Jost, the new president of the Institution of Production Engineers.

Dr. Jost, chairman and managing director of K. S. Paul Products, wants the Government to declare its total commitment to manufacturing and to recognise the important part played by professional manufacturing management and technology.

He calls for some Government re-thinking and more professional advice for the machinery of Government on major manufacturing aspects.

# New motorway

THE FULL 16-mile M69 Coventry-Leicester motorway will be opened officially on July 12 by Mr. John Horam, Parliamentary Under-Secretary of State for Transport, when the southern section will be open to traffic. The northern section was opened last December.

## BANK RETURN

| | Wednesday June 29 1977 | Inc. (+) or Dec. (-) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 12,186,607 | — 1,080,576 |
| Special Deposits | 1,061,380,000 | |
| Bankers | 371,163,493 | + 22,021,359 |
| Reserves & Other Accts | 741,505,533 | + 225,136,112 |
| | 2,200,893,650 | + 252,077,122 |
| ASSETS | | |
| Govt. Securities | 1,842,224,176 | + 583,230,000 |
| Advances & Other Accts | 267,577,654 | — 332,058,671 |
| Premises, Equipt & other Secs | 85,262,125 | + 75,578 |
| Notes | 15,375,386 | + 5,334,353 |
| Coin | 183,849 | — 4,161 |
| | 2,200,893,650 | + 252,077,122 |
| **ISSUE DEPARTMENT** | | |
| LIABILITIES | £ | £ |
| Notes Issued | 7,175,000,000 | + 50,000,000 |
| In Circulation | 7,159,624,614 | + 44,335,856 |
| In Bank'g Dept | 15,375,386 | + 5,664,353 |
| ASSETS | | |
| Govt. Debt | 11,015,100 | |
| Other Govt. Secs | 2,835,344,413 | — 2,777,785 |
| Other Securities | 4,328,640,487 | + 52,777,785 |
| | 7,175,000,000 | + 50,000,000 |

# Road spending cuts 'will harm industrial strategy'

BY DAVID FREUD, INDUSTRIAL STAFF

THE ROAD spending cuts in the White Paper on transport published this week would damage the Government's own industrial strategy, Mr. Tony de Boer, chairman of the British Road Federation, said at the federation's annual meeting in London yesterday.

"The country needs the right roads in the right place at the right time," he said.

"All we are arguing about now is less than 1,000 miles of new and improved roads to complete the strategic trunk road system."

Britain needed a policy framework for investment decisions to enable people to move about with maximum efficiency and minimum cost to the taxpayer.

Anyone reading the White Paper would think that all the transport problems could be solved with a fleet of minibuses and by buying a few new railway carriages.

The White Paper cut the total to be spent annually on new motorways and trunk roads from the February target of £425m. to £380m. At the same time annual spending on bus subsidies was roughly doubled from earlier targets to £150m.

# ITV accuses Annan of obsession with duopoly

BY CHRISTOPHER DUNN

THE ANNAN Committee is accused by the ITV companies of "serious misjudgment" in rejecting their application for a second commercial channel, ITV2.

The Committee recommended that a fourth television channel should be established but that it should be allocated to a new authority.

The ITV companies in an assessment of the Annan report on broadcasting say that the new channel is already in existence in terms of wavelengths—like a room in need of an occupant. The Annan recommendation could lead to major delays and deprive the viewer of a new channel, say the companies.

The companies say there is no doubting that a second commercial channel would mean a better service, more choice for viewers and more jobs in the industry. A fourth channel must be complementary to ITV1, and only ITV could finance it and bring it alive.

Although the Annan report was complimentary about the commercial contribution to broadcasting, the application for ITV2 was rejected because of "obsession with the ogre of duopoly."

The companies say that this objection to duopoly is an expression of distaste for rational competition. When the IBA and the ITV companies stated that ITV2 would be a complementary channel their assurances "were simply shrugged off."

The Annan report also comes under fire for its statement that the BBC is the main "national instrument" of U.K. broadcasting, as it does for its proposition that the BBC alone should have particular broadcasting responsibility to Scotland, Wales and Northern Ireland.

The report by the ITV companies follows a decision by the Independent Broadcasting Authority to ignore the Annan recommendations that a fourth channel be allocated to a new authority. Details of its proposals for an IBA fourth channel will be submitted to the Home Secretary shortly.

# New financial glossary on sale

A NEW edition—the seventh—of the German-English Glossary of Financial and Economic Terms is on the market.

It is a reprint of the sixth edition published in 1972, but with a 63-page supplement to bring it up to date. It has a foreword by Lord O'Brien, former Governor of the Bank of England, and further forewords by three successive presidents of the Deutsche Bundesbank.

Prepared by Mr. C. A. Gunston, the Glossary costs £27 (or £2 for the supplement only) and is available from Patria Translations at West Bexington, Dorchester, Dorset.

# Lyons sells its last U.K. hotel

The J. Lyons food group has sold the last of its U.K. hotel interests, a long leasehold of the Tower Hotel, London, pictured next to Tower Bridge above, for £6.5m. to EMI.

For EMI, the 800-bedroom hotel compares with a total of 900 bedrooms in its five other central London hotels. It said yesterday that it looked for increased business from both City visitors and tourists at the hotel.

J. Lyons took a 99-year lease on the hotel in 1973 and said yesterday that it came into profits by 1976. The head-lease is held by Legal and General Assurance and Taylor Woodrow, which developed it as part of its St. Katherine's Dock development.

J. Lyons spent £4m. fitting out and furnishing the hotel. It was the only one of its U.K. hotels not included in a package sold to Trust Houses Forte for £27.6m. at a time when Lyons had severely over-borrowed.

Several offers have since been received for the Tower, with most London hotels enjoying high occupancy due to the tourist boom. Lyons retains three Continental hotels, in Paris, Amsterdam and Vienna and at present there were no plans to dispose of these, said the company.

EMI will take on the 700 management and staff of the Tower, safeguarding their pension and other rights.

Its purchase was financed by issuing 3m. EMI shares, placed for cash yesterday at 213p against a market closing price of 220p.

The balance of £110,000 was paid in cash. J. Lyons shares, which had risen 6p to 95p on Wednesday after its preliminary annual figures were announced, slipped to 91p yesterday.

# Profits rise continued in June

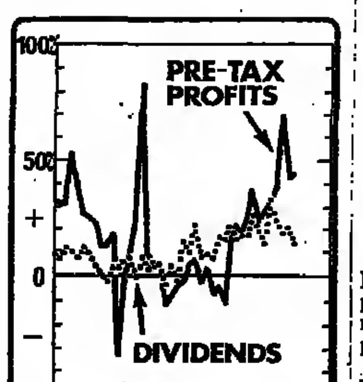
Financial Times Reporter

FULL reports and accounts received from 173 industrial companies in June confirmed the rising trend in pre-tax profits since the beginning of the year.

Last month's rise in profits of 44.1 per cent. on those of a comparable period a year ago was the second biggest advance this year, the rise of 69.1 per cent. in April being exceptional owing to the sharp recovery by British Leyland.

The average gains for the first two quarters were 34.8 per cent. and 46.7 per cent. respectively. Furness Withy, Hawker Siddeley, Metal Box, Courtaulds, Ever Ready and Sainsbury showed pre-tax profit gains ranging from 52 per cent. to 79 per cent. Coats Patons more than doubled its profit.

Dividends costs of the 173 companies increased 13.5 per cent. on the previous year, bringing the average increase for the second quarter of the year to 17.6 per cent which compares with the 23.7 per cent. rise in the first quarter.




# FT business publishing division

PLANS BY the Financial Times to develop its activities were unveiled yesterday with the creation of a new business publishing division of the company.

The division will bring together the company's principal business publishing interests apart from the newspaper. It is intended to develop its activities "into a significant source of specialist business information publications," the FT said.

Headed by Mr. John Prime, as divisional managing director, it will co-ordinate the publication of the FT's range of yearbooks, specialist business studies and diaries as well as the magazines, books and services of Fairplay Publications, of which Mr. Prime is also managing director.

# Decline in output of coal worries generating board

BY ROY HODSON

FALLING PRODUCTIVITY in Britain's coal mines is worrying the National Coal Board's biggest customer the Central Electricity Generating Board.

"We are disturbed by what we see," Mr. Glyn England, the new chairman of the CEGB, yesterday told Yorkshire power station workers.

The CEGB estimates that if coal output continues to fall, a shortage of the lower-cost British coals could develop. Mr. England forecast that even before such a shortage appeared, falling productivity could force a premature coal price increase.

"I am sure that this situation is well recognised in the coal industry," he said. Last week Sir Derek Ezra, NCB chairman, warned the miners that the coal industry had to solve its basic productivity problems to convince the country that the current spending on the Plan for Coal to raise output was not waste of money.

The CEGB is to raise the coal price issue with the Coal Board to get maximum benefit from siting its big power stations on the best coalfields. Mr. England said that the Coal Board's recent action in narrowing the price differentials between different coalfields could invalidate the whole power station construction policy.

The latest coal price increase he said, bore as heavily on coal from low-cost collieries in Yorkshire and the Midlands as on high-cost production elsewhere.

# Gas rebate opposed by Consumers' Council

BY CHRISTOPHER DUNN

AN excess profit made by the Gas Corporation should not be given back to the consumer in the form of a rebate, the National Gas Consumers' Council said yesterday.

Mr. John Evans, director of the watchdog body, said in London at the presentation of the council's annual report, a rebate would "hardly be enough to meet the cost of a night out."

The excess profits would be better spent on holding prices, or on safety, or in many other areas. He hoped consumers would indicate to the council how they wanted the money spent.

"Do consumers really want back little more than £2, or do they want the profit spent on bringing them a lasting advantage?"

Mr. Evans was adding the voice of the council, which is required under the Gas Act to be consulted on matters affecting the consumer, to the dispute between the Price Commission and British Gas.

The Price Commission claims that British Gas has exceeded a reference level of 2 per cent. of turnover by £36.6m., and that this profit should be distributed to the consumer. In the same way that private industry must refund excess profit.

"On a turnover of around £2bn. a year, it only needed a couple of days of hard weather to turn in these figures," Mr. Evans said.

The council's opinion is sharply at variance with Ministerial thinking.

# Crude oil imports fall £390m. in 3 months

BY RAY DAFTER, ENERGY CORRESPONDENT

IMPORTS OF crude oil fell by about £390m. in the three months to April 30, according to the latest Government energy figures.

With North Sea oil flowing ashore in increasing quantities, refineries are relying less on Middle East crude. Imports dropped by 7m. tonnes compared with the corresponding period last year.

Energy Trends, the Department of Energy's monthly statistical bulletin, does not give the balance of payments saving, but on the basis of $13 a barrel the drop in imports should have saved the country about £390m.

At the same time, the share of North Sea oil used in refineries increased to more than one-third. In the first four months of this year gross production of U.K. crude was over 10m. tonnes.

Total inland energy consumption, on a primary fuel input basis, rose very slightly during the February-April period. After seasonal adjustment and temperature correction the increase widened to 1.7 per cent.

However, in April, energy consumption on a seasonally adjusted temperature-corrected basis was over 4 per cent. higher.

Although production of opencast coal rose by 6 per cent. during the March-May quarter, the increase was more than offset by a 1 per cent. fall in deep-mined coal output. Total output continues to run below last year's levels.

Inland consumption of coal during the period rose by 1 per cent., with consumption by power stations nearly 9 per cent. higher than a year previously. Gas consumption also increased.

# Electricity Council profit 'will be substantial'

BY CHRISTOPHER DUNN

ELECTRICITY Council profits for 1976-77 will be "substantial beyond dispute," it said yesterday.

But the Council declined to quote a firm figure for the year, on the grounds that results were still subject to final audit and adjustment.

The statement was made after reports that profits in the last financial year would approach £200m.

Profits of this size could provoke further demands for rebates to be paid to customers, in line with the present controversy over British Gas profits.

Last year, the Electricity Council made net profits, after interest charges of £8.5m. (1975: £265m. losses).

Costs during 1976-77 had been reasonably contained, while revenue had risen in line with recent increases in electricity charges, the council said.

Borrowings would be slightly above last year's figure of £5[...], but interest charges would be higher. The bulk of Electricity Council loans were for 25 years and much of this borrowing is now coming up for renewal at higher interest rates.

In addition, the Council continued to invest heavily during the year but cash flow had not been sufficient to meet fixed capital requirements.

# Find new oil reserves BNOC may be told

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH NATIONAL Oil Company may be told to look for new oil reserves which can be put into Britain's energy bank.

A plan being considered within Whitehall could give the State oil corporation sole powers to explore on certain blocks on the understanding that the oil could be left for a number of years.

The Government is trying to formulate a depletion policy which ensures that North Sea reserves are not exploited too quickly in the 1980s and 1990s. At present, the race is on to provide the country with self-sufficiency in oil supplies.

Once this is achieved, in 1979 or 1980, the Government must decide whether it wants to become a major exporter, in the interests of short-term revenue, or gear production to consumption in the interests of energy conservation.

The use of the corporation as a sole licensee is seen as one way of achieving this latter aim. At present, the Corporation is in partnership with other oil companies in all its licence activities.

It is argued within the Corporation and Whitehall that it would be easier to "shut in" a field if shareholders investments were not at stake.

British Gas Corporation, for instance, has the sole interest in an Irish Sea gas field. This discovery may either be left unexploited for several years or perhaps exploited only at periods of peak demand.

BNOC has told the Government that it could take on exploration commitment if special licences were awarded.

Depletion controls could be among the issues discussed by the new Energy Commission, the constitution of which is to be finalised within the next few days.

North Sea oil Review, Page

# Sir Monty may head inquiry on engineering

MR. ERIC VARLEY, the Industry Secretary, is planning to announce next week that Sir Monty Finniston will head a Government inquiry into the engineering profession.

Sir Monty has been a director of Sears Holdings since he left the chairmanship of British Steel Corporation last year.

He trained as a metallurgist and managed engineering research. By virtue of that experience and his period at British Steel he is well qualified to head an inquiry

## INTERNATIONAL APPOINTMENTS



## APPOINTMENTS



## COMPANY NOTICES

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
F.M.C. AGREEMENT 8770

NOTICE TO SHIPPERS AND CONSIGNEES

INLAND TRANSPORT IN IRELAND

[illegible]

ATLANTIC CARGO SERVICES AB
CENTRAL GULF CONTRAMAR LINE (EUROGULF)
COMBI LINE
THOS. AND JAS. HARRISON LTD.
LYKES BROS. S.S. CO. LTD.
SEA-LAND SERVICE INC.
SEATRAIN INTERNATIONAL S.A.
UNITED STATES LINES INC.
U.K./U.S. GULF WESTBOUND RATE AGREEMENT.

Cunard Building
Liverpool L3 1DS.
1st July 1977.

U.K./U.S. GULF WESTBOUND RATE AGREEMENT
F.M.C. AGREEMENT 8770

NOTICE TO SHIPPERS AND CONSIGNEES

INLAND CHARGES IN ENGLAND, SCOTLAND AND WALES

[illegible]

ATLANTIC CARGO SERVICES AB
CENTRAL GULF CONTRAMAR LINE (EUROGULF)
COMBI LINE
THOS. AND JAS. HARRISON LTD.
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Cunard Building
Liverpool L3 1DS
1st July 1977

GOVERNMENT OF SOUTHERN RHODESIA

[illegible]

BAYER AKTIENGESELLSCHAFT

PAYMENT OF DIVIDEND

[illegible]

BAYER AKTIENGESELLSCHAFT
1st July 1977.

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

[illegible]

## LEGAL NOTICES

[illegible]

## ART GALLERIES

[illegible]



# HOME NEWS

## £½m. display of British industry

BY JAMES McDONALD

A £500,000 exhibition of British industry, and commerce — part of the Silver Jubilee year celebrations — opens to the public to-day in Hyde Park. It is the first exhibition to be held in a Royal park since 1851. With more than 8m. tourists visiting London in mid-summer, the 30 British companies and nationalised industries exhibiting expect a big attendance.

The centrepiece of the exhibition, near Marble Arch, is a tent, believed to be the largest in Europe and covering more than two acres. Admission is free.

Among the exhibitors in the public sector are the National Coal Board, British Petroleum, the U.K. Atomic Energy Authority and British Nuclear Fuels. Visitors can walk along a glass floor at the joint stand looking down at the core of a reactor.

Rolls-Royce, British Airways, and British Leyland are also represented.

Royal Worcester Spode stand will demonstrate figure modelling, making and painting, transfer printing, hand engraving and gilding.

S. Pearson and Son will have three stands. Its interests include the Financial Times, Royal Doulton china, Penguin books, Chateau Latour wine and Lazards, the merchant bankers.

In the picture a visitor watches work on a figurine at the Royal Doulton stand.

## Architects gain new hope from commission figures

BY DAVID FREUD, INDUSTRIAL STAFF

THE ROYAL Institute of British Architects sees a glimmer of hope for the hard-pressed profession in the first quarter figures for new commissions.

Although the value of new work for private architects was well below that of the same period last year when inflation was taken into account, there was a 10 per cent. rise over the final quarter.

The more encouraging figures come some two months after an institute survey which showed that more than 2,000 architects had been laid off in the previous 12 months.

The increase in new commissions, according to Institute statistics, was accounted for by a rise in demand for work in the non-housing sector, private industrial and commercial schemes and public buildings. The housing sector remained depressed.

Unadjusted for inflation, the value of first-quarter orders was £868m., compared with the very depressed level in the fourth quarter last year of £759m. The first quarter figure last year was £881m.

The Institute says that new work entering the more advanced production stages showed no sign of recovery, though the big drop registered last year appeared to have halted.

It remained to be seen whether the first-quarter increase in new commissions would follow through to production drawings work later in the year.

### New system

Meanwhile, Government plans to give local authorities responsibility for deciding their own overall housing strategy—as laid down in Tuesday's housing policy green paper—were pushed a step forward yesterday.

Mr. Peter Shore, Environment Secretary, issued a circular which stated that the new system would be introduced in 1978-79. Proposed housing investment programmes should be submitted by local authorities by September 16.

In future years local authorities will be asked to submit programmes for the following and subsequent financial year by the end of June.

The submission should consist of a description of the authority's general housing strategy, information about present levels of population, households and housing stock and expected changes in the following four years.

It should also include a financial statement, including spending proposals for the same period. The spending proposals should cover the whole range of housing activities — new house building, slum clearance, improvements, acquisitions, private sector improvement grants, home loans and lending to housing associations.

Mr. Shore said: "The new arrangements mean that authorities will be able to carry out the strategy for their area with the minimum of detailed intervention from central government.

"It also means we are breaking down the system of rigid financial compartments which has made it so difficult for authorities to respond quickly and flexibly to changing needs."

WINDSCALE INQUIRY

## New method for nuclear waste processing

BRITISH NUCLEAR FUELS yesterday gave a full explanation of what led to the 1973 accident at Windscale, in which radioactive ruthenium was released during a waste-separation process, to a working area of the nuclear plant.

That part of the plant has not been used since, but a similar process would be needed in any future thermal-oxide reprocessing plant (THORP).

The inquiry into BNF's application to build THORP, was told that the company has developed methods to prevent a recurrence of the 1973 accident. Mr. B. F. Varner, deputy head of research and development at Windscale, said during a closely argued technical submission that the company was ready to put into operation the recommendations made in a 1974 White Paper following the ruthenium release.

Though the technology for THORP was "largely based on well proved principles," Mr. Varner's description of the process and equipment design for the proposed plant includes new approaches to the separation and clarification of radio-active waste products.

He told the inquiry, now into its 12th day, that the activity in water discharged from the oxide fuel storage ponds would be between 500 and 1,000 times lower than that currently passing from the ponds containing wastes from Britain's first-generation Magnox reactors.

His submissions also included details of a 1:5,000 scale pilot plant BNF is constructing to test its designs for THORP.

## U.K. stops fixing minimum for charter flights

BY CHRISTOPHER DUNN

COMPETITION on trans-Atlantic flights sharpened yesterday when the U.K. Civil Aviation Authority decided not to fix minimum prices for North Atlantic charter flights from next April 10. A price-cutting war appears unlikely however.

Minimum prices were introduced on North Atlantic advance charter booking flights from April 1, 1975, in order to protect U.K. airlines. Now the authorities believe that "the conditions which led to the introduction of price controls will not apply by 1978."

A Civil Aviation spokesman said last night that a price war was not expected because "charter airlines have to keep an economic price at which they operate, and current margins are very narrow."

He added that the CAA wanted to encourage competition among airlines, "so there may be some minor price cuts."

Pressure on prices across the Atlantic already exists through the Laker Skytrain service. Specifically excluded from yesterday's deliberations Laker plans to take passengers from London to New York for £59.

Trans World Airlines, in order to match the Skytrain bargain, announced last week that it plans to make some seats in its scheduled flights to London available at reduced prices.

Last night Mr. Laker said he was "thrilled to bits" with the CAA decision. "It puts pricing where it should be, in the market place. He saw the possibility of return trans-Atlantic flights for less than £100.

The U.K.-U.S. air agreement has a clause governing charters, but details have still to be finalised.

## Hopes of reopening mine in National Park

The prospects of reopening the Force Crag mine in the Lake District national park have been enhanced by the initial success of an exploration programme. "There is a good likelihood of being able to develop a small, economically viable deposit," Mr. Milton Klyman, chairman of the development company, said yesterday.

The mine has lead, zinc and barytes, an industrial mineral used in the offshore gas and oil industry. It is ultimately controlled by New Force Crag Mines, a Toronto exploration and development company.

Drilling underground has revealed more barytes than expected. "Indications are that barytes could become an increasingly significant factor in future feasibility assessments," Mr. Klyman said.

Force Crag has already had many inquiries from potential customers for its barytes, and the company is confident it could sell it at reasonable prices as long as North Sea exploration continues.

Probable ore reserves have been indicated as 16,300 tons, with average grades of 1.75 per cent. lead, 8.68 per cent. zinc and 6.68 per cent. barytes, but these figures are likely to be changed in the light of the current exploration programme, which lasts until July next year.

Any decision to resume mining and milling will be influenced, Mr. Klyman made clear, by the trend of base metal prices, "which have been particularly volatile of late."

Force Crag, 4½ miles from Keswick, was worked intermittently between 1848 and 1966.

هكذا من الأصل

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SC46

Recommended retail pric

LOW TAR As defined by H.M. Government
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

## Recovering heat from anywhere

OF GREAT importance in the fight to prevent energy waste, heat pumps are now being made on a full-scale production line at Lennox Industries, providing Britain with an import replacement which will gain significance over the next several years despite the lack of an effective energy-saving policy in the U.K.

Heat pump applications however, figure prominently in such well-known experiments as the Philips solar house in Aachen, Federal Republic, to extract from waste water from washing and kitchen operations the residual heat and return it to a central heat store. The pumps also extract heat from reject stale air.

In Britain, installations have been put into buildings where there is a major gain from lighting, machines or occupants. These include shops, offices, clubs, etc., but there are some demonstration units in housing where a major part of the home heat requirements are taken from the air outside the building.

Such equipment is extremely versatile in that the system can be automatically reversed to cool the house rather than heat it so that owners are saved the cost of putting in air conditioning.

A well-designed pump taking 1 kW to run—the 1kW (e) having been produced with 3 kW of heat at the power plant—will transport 4kW of heat to a store or to a home environment, extracting it from the environment or from air or water rejected. Cold can also be handled to the same degree.

Work is in hand on designs which can operate on gas.

Lennox underlines some of the conclusions of the Electricity Council Research Centre Report M1042 "Banking Energy Saving Ideas" in which it is indicated that a heat pump is four times more effective than a solar heating system and that the only more economical means of using input energy to the best effect is a very high standard of building insulation.

The Basingstoke plant is manufacturing the devices for the U.K. and Europe.

More from Lennox Industries at Lister Road, Basingstoke, Hants. 0256 61261.

## Town waste into power

IMPERIAL Metal Industries has formed a new unit, IMI Energy Systems, to market throughout the world its expertise in the use of domestic refuse as a supplementary fuel for steam generation.

Since the first pilot scheme at the Witton (Birmingham) works of IMI came on stream at the end of 1975, there has been much interest shown in the scheme both in the U.K. and overseas.

The process has two main advantages — it offers a secondary fuel at a cost very much below that of other fuels (usually coal), and it also assists substantially with the growing problem of disposal of domestic refuse. There can be significant sales of ferrous metals extracted from the rubbish and of ash for road-making.

Whilst the process is essentially a simple one, in that refuse is pulverised and then mixed with coal in the boiler, IMI has developed detailed know-how on feeding and mixing the fuels to extract the maximum amount of energy. It is this IMI has for sale. The IMI scheme has been so successful that, on the Witton site, a second boiler in the 50MW power plant has been converted to use the pulverised refuse.

Mr. J. E. Marshall, who as engineering director of IMI Kynoch Services devised the process three years ago, and has been responsible for its successful launch, has now taken over IMI Energy Systems and is concentrating on marketing the systems throughout the world.

More from IMI on 021 356 4848.

● INSTRUMENTS

## Easy check on density

AN instrument for quickly and accurately measuring the density of a liquid at a controlled temperature has been put on the market by Stanton Redcroft.

DMA 46 gives a clear digital read-out of density to a precision of one in ten thousandths of a gm/cc over the range zero to 1.5 gm/cc.

The measurement is carried out by introducing 0.7 ml of the sample into a "U" shaped tube which is electromagnetically excited to vibrate at its natural frequency. From the frequency change that occurs the density of the sample is determined by the electronics. Viscosity and surface tension do not affect the results, the updated values of which are displayed every two seconds.

More about the unit, which is particularly suited to measurements of wines, beers, spirits, pharmaceuticals, aerosols and polymer solutions can be obtained from the company at Copper Mill Lane, London, SW17 0BN (01-946 7731).

● HANDTOOLS

## Strips wire quickly

A LIGHTWEIGHT, hand-held pneumatically operated wire stripping tool is offered by A. B. Electrical Company.

Designated AB MK101/0, the tool combines self-adjustment from 0.20 to 3.75mm outside diameter with an adjuster to eliminate any possibility of damage to the conductor. It can be used for single or multiple wire applications and is operated from 80 to 100 psi air supplies.

The cutting system has top and bottom jaws which incorporate a number of independent knife blades mounted on resilient pads. In operation the jaws close and the pads are depressed to allow the leaf blades to conform precisely to the wire shape to be stripped. The cutting edge actually surrounds each conductor to ensure that the insulation is cleanly stripped away without damage to the metal beneath.

More about the tool, which is available also as a bench mounting model, from Apem Works, St. Albans Road, Watford, Herts. WD2 4AN (Watford 41208).

● QUALITY CONTROL

## Laser finds fault

ENGINEERS AT British Aircraft Corporation have developed a laser system for the detection of potential weaknesses in large structures which, although it has been designed to inspect airframe components and other aerospace structures, may well find application in work on bridges, tunnels and oil, gas and chemical installations.

The technique is based on the fact that when an optically rough surface is illuminated with laser light, the scattered radiation forms speckle patterns in all directions and at all distances from the scattering surface. The pattern is related to the object's position and its surface texture and is displaced if the object, or part of it is moved by only the smallest amount.

Speckle photography has the advantage that it can separate the various distortions of interest to the structures engineer and can distinguish the effects of material strain from problems due to weaknesses causing euro-structure buckling or plastic deformation.

An advantage of the technique is that it can be operated on site, out of doors. The area of interest is first illuminated by the laser and the camera is then used to make a double exposure of the speckle pattern under various loaded conditions. Distortions down to a fortieth of a micron can be detected.

At present the data obtained is visually analysed but development is continuing with an extra equipment in which the recorded data is processed with a microprocessor-based scanning system, giving final answers much more rapidly. More from Brooklands Road, Weybridge, Surrey, on Weybridge 45522.

● RETAILING

## Easier to mind the shop

DESCRIBED BY NCR as "one of the most important" announcements in its history is the launch of a new generation of retail terminals—it is said to be the first to give retailers the opportunity of instructing the system to do whatever they wish.

Designated the 2151, the basic terminal incorporates a microprocessor to provide maximum program flexibility. It has been designed to be compatible with its predecessor, the 280.

The 2151 can be used with optical character reading units to "read" the tag on the merchandise. It is hoped this will prepare the retailer for the increasing use of electronic funds transfer (and eventually the "cashless society") and more comprehensive merchandise inventory systems.

Linked to the NCR 725 retail terminal support system, credit authorisation can be given through the terminal.

Alphabetical descriptions of the goods purchased can be printed on the receipt, together with promotional messages, such as a sale in another department. The terminal takes away much of the routine work from the shop assistant, leaving her more time to concentrate on the customer.

Networks of 2151 terminals can be linked to the 725 minicomputer. Through the use of distributed processing techniques, various handling functions can be placed wherever they are needed—at the point-of-sale terminal, at the in-store data concentrator, at the minicomputer, or a larger computer linked with the minicomputer.

A data entry display panel guides the sales assistant through even the most complicated transaction by means of a series of messages, illuminated in the proper sequence. Thirty different messages are available, with an eight digit numeric display to indicate price, total, change, etc. The three-station printer is programmable and uses matrix printers.

Two memories are available, 32K and 48K (a 64K memory is planned). The company believes this is the first retail terminal to use random access memory to store the user's program. This enables the terminal to continue operating for a limited period if the controlling computer goes "off line."

NCR considers its new terminal has good prospects, as the first of a range of equipment of increasing sophistication. The company says the present point-of-sale terminal market is increasing by 20 per cent. per annum, and expects this to double by 1980.

More from the company at 206 Marylebone Road, London N.W.1 6LY (01-723 7070).

● TRANSPORT

## Control of a big bus fleet

IRELAND'S national transport company is installing a fully automatic vehicle monitoring (AVM) system for Dublin City Bus Services' entire fleet of some 900 buses which carry over 216m. passengers and operate over 32m. miles each year.

Storno of Camberley, Surrey, are the main suppliers for the system which will enable the entire fleet to be monitored by control inspectors from seven garages. The system is based on a dual computer arrangement which automatically collects location data from each bus on a route. The results are presented on visual display units so that inspectors in each garage can see at a glance the actual and scheduled position of all buses on a particular route.

Although the collection of location data is automatic, and does not require the driver to answer queries, normal speech contact between driver and control inspector is also provided in this complete Storno radio communications system.

When fully operational a computer will interrogate each bus in turn at the rate of 900 buses/minute via a fully duplicated Storno radio system. It will also handle requests to speak. Once verified the bus replies are fed into a larger machine which presents the results as actual and scheduled positions of the buses on individual routes on 2000 character screen VDUs—a number of which with a printer are being located at each of the seven garages.

Additionally, as part of the improvement of control techniques a number of closed circuit television cameras (CCTV's) are being installed at city centre points. These will provide control inspectors with an awareness of traffic conditions and build-up of passenger queues. Route control inspectors can operate the CCTVs which incorporate low light level lenses for night operation together with pan, tilt, zoom and focus facilities.

The bus radio is being modified to accept and transmit the computer data and this, together with a Storno bus data unit and control head comprises the equipment. The control head provides the means of establishing voice communication between the driver and the control inspector and also feeds in the odometer reading at commencement of each journey to identify its precise location. Thereafter, location identification is automatic as odometer is fitted to the drive in parallel with the normal speedometer drive unit and generates pulses to the data unit at 44 yard intervals. The control head also incorporates an input for emergencies. The computer can also make direct inputs to the odometer.

Storno, Frimley Road, Camberley, Surrey GU16 5ES. 0276 5646.

● PROCESSES

## Removes the flux

A PORTABLE two-stage cleaning tank fitted with refrigerated cooling is the basic unit of a cleaning system for printed circuit boards which uses solvent instead of the more usual ultrasonics.

Dupont has developed a constant boiling solvent called Freon TMS specifically for flux removal. The refrigerated units are made by Croftshaw and are said to use up to 50 per cent. less solvent than a non-refrigerated unit. No plumbing is required and the unit can be operated from a 13 amp socket. The system has high threshold vapour limits (no exhaust required), low boiling point (boards can be handled immediately after cleaning), and is compatible with plastics and elastomers.

The cleaning tanks are made of stainless steel, and in two sizes — 20 x 22 x 42 inches high, and 40 x 24 x 46 inches high. The solvent is heated in the lower part of the tank and condenses on refrigerated coils in the upper part.

Details from Croftshaw, Oldstead Road, Bromley, Kent BR1 5RX (01-698 5556).

● METALWORKING

## Plasma speeds machining

PLASMA ASSISTED hot machining was first developed by the Production Engineering Research Association (PERA) in 1970, when it was demonstrated that the process made possible very high machining rates—from 40 to 500 times faster than conventional methods.

Called the Cutfast process, it uses a high temperature plasma arc to provide a controlled source of intense heat which softens only that small portion of the work material removed by the cutting tool in the form of the "chip." Control of the arc, and the short time between heating and chip removal, ensures that the machined surface remains metallurgically undamaged; and comparatively cool, as almost all the heat is removed in the chip.

Turning applications range from small workpieces surfaced with sprayed hard metal, medium sized components in, for example, manganese steels, large workpieces with weld deposited hard metals, and even larger workpieces in soft materials.

First equipment made by PERA became commercially available in 1973—now the Association has developed a Mark II version based on operational experience with the earlier machines.

Equipment consists of a control module, a mobile processor master unit (incorporating stabilised dc power supply, argon gas controls, process control circuitry, safety interlocks, etc.) and a plasma heating torch with mounting system. PERA says that the Mark II version is more powerful than the earlier equipment and can cope with even heavier cuts, widening its application.

Know-how and training are supplied as part of the same package, and the equipment is installed on customers machine tools either by PERA engineers or by distributors' trained staff.

When the equipment has been installed (a demonstration unit is fitted to a 50 hp centre lathe), a selector switch enables the machine to be used for either conventional "cold" machining or with the plasma arc. Another switch allows the controlled element from the control module or from a separate hand-held remote control (which is an optional extra).

Details from the marketing department, PERA, Melton Mowbray, Leics., LE13 0 (0664 4133).





● COMPUTING

## Minis grow as giants dwindle

TWO MAJOR points emerge from the detailed study of the U.K computer market just produced by Pedder Associates (PAL). One is that 1975 may have marked the peak in deliveries of large general purpose computers, generally known as mainframes. The other is that mini fever continues unabated with a growth of 40 per cent. recorded in 1976 against 32 per cent. in the preceding year and 39 per cent. in 1974.

PAL remarks that it is the general computer systems below around £150,000 which are taking the brunt of the attack from minis and other systems. Meanwhile, mainframes still represent 66 per cent. by value of all systems installed, so that even on an enhancement and replacement basis there is a great deal of life in the sector.

Of the total U.K. installed base of 4737 machines at the end of 1976 (1975/4938, 1974/4824, 1973/4360) IBM had the major share by a whisker at 35.6 per cent. against ICL's 34.1 per cent. which was a reversal of the 1975 position when IBM had 33.6 per cent. and ICL 37.6 per cent.

However, if IBM's System 3 and 32 are taken into account with ICL's 2903 group and the Singer machines, the picture changes with ICL having 2551 installations (13 per cent.) against IBM's 1963 (10 per cent.). There is every reason to bring these small business systems into consideration since they are frequently the point of departure for bigger equipment.

The same applies to total values with IBM leading in mainframe at £608m. (37.9 per cent.) ahead of ICL at £597m. (37.2 per cent.): But add on small business systems and one gets 36.8 per cent. of total installed value for ICL, and 34.3 per cent. for IBM.

Honeywell's position in terms of numbers is unchanged at 10 per cent.—7.9 per cent. of total value; with Burroughs at 6.8 per cent. (6.9 per cent.); Sperry Univac at 6 per cent. (5.2 per cent.) and NCR at 5.1 per cent. (1.5 per cent.).

To do the same exercise here with small business systems would hardly be meaningful since Burroughs can claim 3718 such units and NCR 3070, while British Olivetti, which does not figure in mainframes, has 2600.

PAL is at 51 Portland Road, Kingston upon Thames. Surrey KT1 2SH. 01-549 9211. The reports costs £400 plus VAT and individual sections £100 plus VAT.

## Price war goes on

COMING AS something of an anti-climax following the recent significant price reductions in IBM's displays and controllers, users have been told of a large number of price increases for central processors, printers, tape decks and discs, *inter alia*.

Increases run from some 8 per cent. to as much as 12½ per cent. and are effective to-day.

Just to underline the event, Telex has announced a number of releases aimed at IBM's 370/125 installed base of about 120 machines with an estimated average value per system of £230,000.

The first offering is a solid-state memory based on a 16k chip array from Intel. It can be used to give capacities up to 1 Megabyte on both models of the 125, more than the IBM limit. The unit is only 29 inches wide by 16 inches deep and fills only 3 square feet of floor space.

An interesting feature of this unit is an "active spare" of 32k which can be switched in as a replacement should a memory segment in the main unit fail.

Telex claims much lower cost than the equivalent.

Another offering is a 100 Megabyte disc drive, as well as a series of terminals for teleprocessing operations.

More from Telex at 01-734 9131.

## Racal pact on Binder printer

FOR THE next five years, Racal-Thermionic will collaborate with the West German organisation Binder GmbH of Willingen (Stuttgart) on the marketing of a high speed data printer and subsequent members of its family.

Development of the matrix printer, which is available with keyboard, or as a hard-copy or plotter terminal, has cost Binder something like £1m. It can run at speeds up to 200 characters/sec with a single print head, providing 80, 132 or 200 characters/line. The unit has been designed on a building-brick concept so that it can be made to fit individual requirements more closely.

Racal-Thermionic is committed to marketing the new printer in the U.K., the Middle East and many other countries. It is setting up a new sales team to deal with the product, which slots neatly into a market which is growing at about 30 per cent. annually.

Because of Racal's Milgo operation, working from its U.S. base as one of the most significant forces in the data communications area, agreements of the kind concluded with Binder are of special significance now that it is generally agreed that the minicomputer and peripherals sector of the data processing market is the one that will expand the most in money terms over the next ten years.

More from Racal on Wokingham (0734) 782158.

## Discs for micro

INTEL has made available 500k byte disc memory for OEM microcomputers which directly addressed by the micro's bus.

It can have single or dual diskette drives which are controlled by an independent processor: each records data in the IBM-compatible "soft sector" format and provides 250,0 bytes of storage with a data transfer rate of 250 kilobits/sec. Track-to-track access time 10 ms and the average random positioning time is 260 ms.

More from the company 4, Between Towns Road, Cowley, Oxford, OX4 3NB (0865 771431).

## Univac puts down some prices

TO MATCH the vast package of price reductions and/or changes in methods of leasing for computers and ancillary equipment announced by IBM, plug-compatible companies, etc., Sperry Univac in the U.S. has effected a number of changes in its top-end of the range machines which could, in the right circumstances, mean a cost cut to users of up to 15 per cent.

This applies to the 1,100/1 equipment area, with the limitation that additional peripheral and multi-processor capability requirement charges stay unchanged in price.

In the case of the new 90/60 machines, memory expansion above 524 Kbytes will cost 30 per cent. less than hitherto. A 10 per cent. price cut has taken place on the 90/25 system and adjustments have been made on 90/30 and 30B processors and special peripherals.

No changes have been made in respect of the 1100/80, /40 and /20; or of the 90/80 and 90/70 systems.

More from Univac at 160, Euston Road, London NW1 2DR. (01-387 0911.)



Danger

Good new

هكذا من الأصل

**Roy Rogers** and **Ray Perman** report on the management and labour problems facing the newly-nationalised shipyards

# Danger point for British Shipbuilders

BRITISH Shipbuilders, the newly nationalised shipbuilding industry, will be officially launched to-day into what even the most optimistic observers predict will be very stormy waters.

Short of senior officers, yet forced to put to sea with a crew which many believe is up to 30 per cent. larger than necessary, the industry has to brave an economic climate which threatens to wreck large sections of the industry worldwide.

So what can chief executive Mr. Michael Casey and his short handed management team do? They cannot attack the worldwide overcapacity problem by cutting back manpower as some other European shipbuilding countries have been forced to do—certainly not before a thorough investigation of each group's facilities and orders potential has been evaluated. This is expected to take at least a year. In the meantime Mr. Casey hopes to win enough orders to keep the industry's 82,000 employees occupied—and the unions happy—while a corporate plan is worked out.

This bold scheme may just work if Mr. Casey—the former under secretary who headed the Department of Industry's shipbuilding division before succeeding Mr. Graham Day as chief executive designate of British Shipbuilders—is successful in winning a batch of large overseas orders now at an advanced stage of negotiation.

But there are many in the industry who feel that there will still have to be a considerable shake-out of labour if the industry is to achieve a balance with reduced order levels—currently running at something like 30 per cent. of capacity.

Almost every developed country is facing severe shipbuilding problems as a result of the great third expansion in capacity in the late sixties and early seventies. With world-wide capacity outstripping demand by about 30 per cent. the governments of several European countries have taken steps to reduce it, and therefore jobs. Japan, which plans to hold on to its 50 per cent. share of the now depleted world market — although this involves some cutback in its labour force—and South Korea are seen as the main problems because of their ability to undercut European prices by between 30 per cent. and 50 per cent.

The British standpoint has been that since we have not been expanding our industry—it has in fact been steadily contracting for some time—we are not to blame for the overcapacity and should not therefore be expected to bale out those who are.

Uncertainty caused by delays in the nationalisation programme made forward planning difficult if not impossible and led to the resignation at the turn of the year, of Mr. Graham Day and his three key directors, Mr. Peter Mills (corporate planning), Mr. Tony Peers (industrial relations) and Mr. Patrick Griffith (finance).

These three posts still remain unfilled—evidence of a marked reluctance among top class businessmen to take on the onerous task of nursing a sick nationalised industry when greater financial rewards can be gained in the private sector.

Appointments will have to be made soon, however, as the Aviation and Shipbuilding Industries Act, 1977, stipulates that the new corporation must report to the Industry Secretary on methods of promoting industrial democracy and decentralisation of management within six months of vesting. They also have to draw up a corporate plan within about 12 months covering manpower, capital investment and research and development requirements.

Apart from the over-riding problem of finding orders, British Shipbuilders' main task will be to improve productivity to bring it nearer to levels achieved in Far Eastern yards.

Facilities in U.K. yards are quite modern—thanks to recent heavy re-equipment programmes—and wage rates are well below those paid in other European and Scandinavian yards. So if the home yards can be made more efficient, they will be in a relatively strong position if, as some experts predict, the European Economic Community eventually decides to put strong pressure on European shipping lines to buy only from European yards.

Clearly any moves towards greater productivity will require the active support of the unions and the new management has already taken considerable pains to win their co-operation by stressing that it has no intention of closing yards or declaring redundancies.

Redundancy is the biggest fear hanging over shipyard workers. Although a policy of no closure of any yard and no reduction of the workforce was adopted by the Confederation of Shipbuilding and Engineering Unions 18 months ago, it has been left to an unofficial shop stewards combined committee to hammer the point home most forcefully.

A one-day strike in April was called simply to demonstrate the seriousness with which the issue is being taken and the opposition of powerful groups within the industry to the view outlined by the Prime Minister and by Mr. Gerald Kaufman, the Industry Minister, that some rationalisation of shipbuilding will be the inevitable consequence of the world slump in ordering.

The strike had little effect in England, but on the Clyde, where the combined committee was formed at a meeting of 400 shop stewards from all over the country last September, several yards were shut.

The combine committee sprang into existence to fill a vacuum created by the long illness and subsequent death of Sir Danny McGarvey, of the Boilermakers' Amalgamation and chief spokesman on shipbuilding for the Confederation. From the beginning it did not try to supplant the CSEU by seeking its own meetings with the Government or the organising committee of British Shipbuilders, but to organise the shop-floor muscle that it felt was needed to back up the official policy and prod official union leadership.

"It is one thing to have an official policy, but it is the job of shop stewards to engage in putting meat on the bones," commented Mr. Jimmy Airlie, chairman of the combined committee, a communist convenor at Govan Shipbuilders, Glasgow and one of the leaders of the sit-in at Upper Clyde Shipbuilders.

Airlie has already made his position abundantly clear to the Government. He had a blunt exchange of views with Mr. Kaufman at a special conference called by the Scottish TUC earlier this year. After being told that the government "expected and demanded rationalisation," he said: "I am determined, if I have any say in this industry and any influence, that you are in for one hell of a fight."

He has also met the full-time members of the shipbuilding Board as a member of the Govan joint shop stewards committee and was impressed by their statement that they had no plans to close yards or declare redundancies. If the Board is successful in providing the job security the workforce wants, then Airlie believes the benefits in terms of general co-operation and relaxation of demarcation restrictions to improve productivity could be considerable.

In the last two years more flexible working arrangements at Govan have increased productivity by 30 per cent. in the outfitting trades.

"The credibility of the new Board will be at stake," he says. "If there was a closure it would seriously jeopardise any future co-operation in the industry, which would be tragic and a disaster. I hope it doesn't come to that.

"No other problem will be of such a serious nature—anything else we can discuss and resolve."

It seems unlikely that the Board will want to consider any large contraction of the industry until it has completed its corporate plan, but the danger point will come if and when an individual yard runs out of work and forces the new nationalised corporation to come to a premature decision that could set a precedent. It would then either have to inject cash or allow a collapse that could bring a repeat of the work-in at UCS.

Meanwhile, the Government hopes to reduce the labour force by voluntary means from its present level of around 82,000. About half are employed in shipyards with the remainder being white-collar staff or men engaged in ship repair or engine building.

First news of the proposed voluntary redundancy scheme came from Mr. Kaufman in February when he also announced a £12m. advance factory programme for shipbuilding areas and a £65m. intervention fund designed to help U.K. yards compete with Japanese prices.

Enabling legislation is expected in early autumn, after which there will be detailed discussions with the unions but Mr. Kaufman expects it to follow fairly closely the lines of the British Steel scheme which provided a two-year make-up of earnings for workers over 55 who retire or move to less well-paid jobs outside the industry.

The unions generally favour this approach although they will probably press for a scheme based more on the National Dock Labour Board's which provides one-off payments of between £1,300 and £7,000 depending on service.

According to Mr. John Chalmers, general secretary of the Boilermakers Amalgamation, something like 39 per cent. of the industry's craft workers are over 45 years old while for the non-skilled labour force the proportion is probably as high as 56 per cent.

It seems unlikely, however, that such a scheme will shake out sufficient labour, and clearly much will depend on the success of Mr. Casey and the managements of the individual shipbuilding companies—they will all maintain their identities within the new corporation—in winning orders.

Negotiations are under way for big contracts with Nigeria—although this one seems t slipping away—Poland and Philippines as well as smaller projects at home abroad.

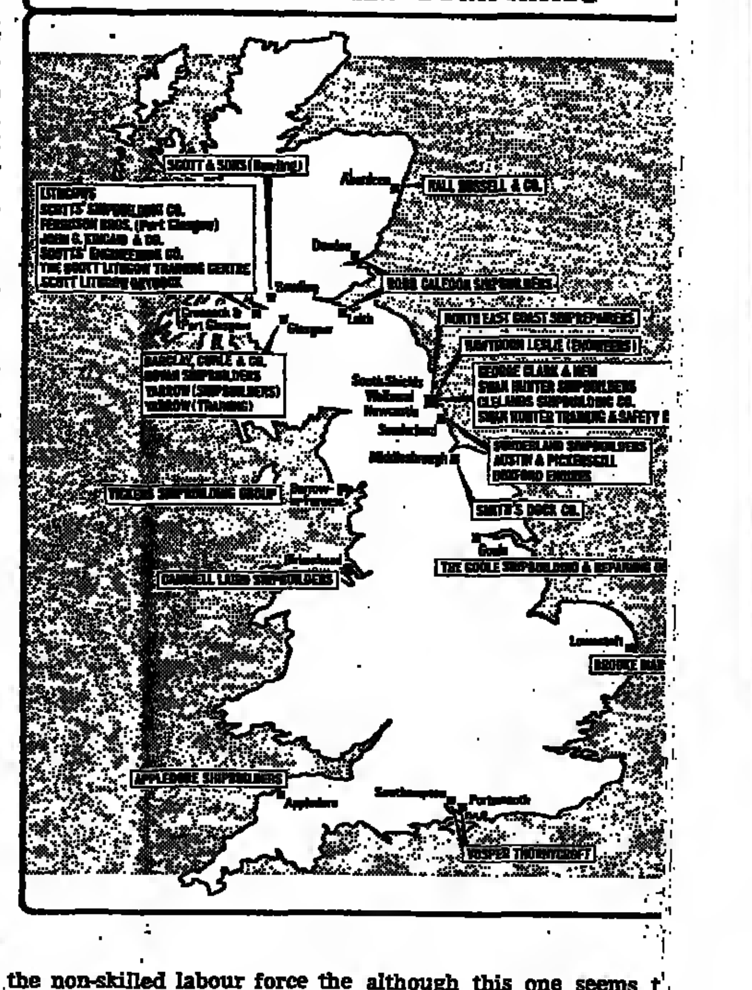
But unless most of these subsequent sales drives fruit, sooner or later Shipbuilders and the Go ment will be faced with very unpalatable decisions, sibly involving the closu contraction of facilities in which are politically sen for whatever party is in p

### BRITISH SHIPBUILDERS' ORDERBOOK ON MAY 31 1977*

| | REGISTRATION U.K. | OVERSEAS | TOTAL |
|---|---|---|---|
| Vessels | 73 | 40 | 113 |
| Gross tons | 1,240,367 | 592,400 | 1,832,767 |
| Value in £000 | 446,671 | 316,624 | 763,295 |

* Merchant shipping. Source: British Shipbuilders

### THE STATE-OWNED COMPANIES



NORTH SEA OIL REVIEW

BY RAY DAFTER

# Good news but few cheers

THE OFFSHORE operating climate seems to have changed as quickly as the unpredictable North Sea weather. It was only a matter of months ago that oil companies were being urged to speed developments in order to help the country out of the external payments crisis. But the wind has changed. Within the past few days there have been two clear cases of the Government applying new controls which will not only delay the growth of oil production but will also hit company cash flows. The oil industry waits to see whether this is merely a squall, or the beginning of a prolonged storm.

So marked has been the change that the offshore industry—and the country—reached an important new bench mark with hardly a ripple of rejoicing. A six-line press notice from the Department of Energy on Tuesday stated that North Sea oil production during May ran at an average of 836,417 barrels a day, 16.5 per cent. above the April level. That is equivalent to an annual production of 41.4m. tonnes, about half of the country's oil requirements, and a relief to the balance of payments of over £2.5bn. With the Thistle and Claymore Fields due to come on stream later this year the North Sea producers seem set to meet the Government target of 40m.-45m. tonnes output this year.

But the news was overshadowed by the announcement, on the same day, that Shell and Esso were being told to keep their Brent "B" production platform shut down until they could overcome the gas flaring problem.

The platform, the only one on Brent so far commissioned, has made an important contribution to Britain's growing status as an oil producer. It has been yielding about 60,000 barrels a day. But a good deal of work still needs to be done on the platform; Shell, as operator, wanted to complete installation work and fix the gas re-injection equipment in two stages, bringing the platform back on stream for a time this winter. The Department disagreed; so the platform will remain shut down for 11 months, Shell and Esso stand to see some £80m. worth of oil revenue delayed. The Department of Energy stand to safeguard a large quantity of gas for future production.

It is pointed out in Whitehall that the equivalent of 8 per cent. of British Gas Corporation's sales—worth £160m. a year in terms of consumer prices but nothing like this to oil companies—is being flared into the atmosphere. The Government is right to take a firm line against wasting this valuable fuel. But it does not follow that the oil companies have been wrong in the way that they have developed their fields.

Given more time, gas reinjection schemes, pipelines, and even offshore ship loading facilities could have been provided. But there was no time. The country needed the oil urgently. That is why, one supposes, the Department of Energy has been careful not to make its directive to Shell and Esso sound like a rebuke. But it still rankles in the oil industry. It is pointed out, for instance that some of the delay to the fixing of gas reinjection on Brent B has been caused by new Government safety conditions covering offshore construction work and production. The attitude within companies seemed to be summed up by one senior executive who commented: "We were told to make our contribution to the national interest. Now the Government is complaining about the eggs we had to break."

Most companies developing oil fields will find these gas handling schemes being questioned by Government. Occidental has been told quite bluntly that it will not be allowed to raise the peak production level of its Piper field until it has designed an acceptable gas recovery scheme. Such a system is now being evaluated within the Energy Department; part of the Piper gas will be injected into the Claymore Field to boost oil recovery there, but Occidental has other plans to cover the collection of the remaining Piper gas.

Piper is yielding oil at the rate of 220,000 b/d at present. Peak production of 250,000 b/d is likely by the end of September. The Piper consortium is now considering increasing this output by 20 or even 25 per cent., so encouraging has been the oil flow from the first wells drilled.

How the Government attitude has changed: when British Petroleum announced in October that it was raising its Forties Field production by 25 per cent., from 400,000 b/d to 500,000 b/d, Mr. Anthony Wedgwood Benn, Energy Secretary applauded it as very good news and a contribution towards strengthening the British economy.

But with oil self-sufficiency now assured (the Henley Centre believes in 1979), the Government is taking a greater interest in long-term prospects. Its attitude to gas flaring, for example, indicates that some form of gas gathering pipeline system will almost certainly be constructed. Studies are continuing, and it will be the end of the year before we gain a clear idea of the type of network being considered. But there is a feeling in the offshore industry that it will be a less ambitious scheme than the £2bn. network favoured by Williams Merz, the consultants.

Oil companies are aware that whereas the tax regime and State participation terms are more reasonable than they might have feared, the Government has armed itself with a wide range of controls to apply in the national interest. The restriction on gas flaring is only one of them. The industry has still to learn whether Whitehall will apply a conservationist regime and restrict output to around the self-sufficiency level, or whether it will allow the British oil industry to become a substantial net exporter. It is waiting to see whether the State-owned British National Oil Corporation will be given an inside exploration track with its own special round of licences. It appears that the Corporation has asked for more blocks.

BNOC itself is exercising a greater influence on the methods of North Sea development now that it has amassed a substantial equity and participation stake.

An example of this has come to light with the order for two Rolls-Royce Olympus engines to the power packs for the Murchison Field. Continental Oil favoured U.S. engine builders, but BNOC insisted that the order should come to the U.K. In a sense, it was giving the American oil supply industry a taste of its own medicine, for British suppliers will tell you that it is almost impossible to break into the American offshore market.

Another area where a tougher Government stance is evident concerns restrictions on exports. The latest stated policy suggests that up to two thirds of North Sea oil production should be refined in the U.K.—a delightfully flexible arrangement. But in their talks with oil companies Energy Department officials are tending to drop the "up to." Indeed, only this week it was disclosed that in the year to the end of April, Britain exported 6.6m. tonnes of oil—exactly 32.84 per cent. of North Sea production.

If this rigid approach is adopted it will be in the face of warnings from companies that Britain could be giving away quality. The argument runs thus: Britain will not need to refine two thirds of the comparatively light, low sulphur North Sea crude to meet the needs of the domestic products market. In the past the refineries have operated on a mixture of two thirds heavy crude and one third light crude. Even with a swing in demand towards the lighter products, such as petrol and petrochemical feedstocks, the industry does not see the need for more than a half of its crude oil use coming from the North Sea.

It could be argued that with so much upgrading equipment being installed in British refineries (catalytic and hydrocracking units and the like), there is no need to reduce the dependency on heavier crudes. This is when the "giving away quality" argument comes in.

Would it not be better for Britain to export premium-grade North Sea crude, and to continue to use comparatively low cost heavy crude to meet from a half to two-thirds of the refinery requirements? In that case only the lighter, imported crudes would be replaced with North Sea oil. The Department of Energy points to the need for securing Britain's energy position, but it has already taken powers to ensure that in an emergency the country can use the whole of North Sea production if necessary.

Wood, Mackenzie, the stockbrokers, have recently calculated the possible loss of oil revenue to the nation from a rigid refinery policy. Taking the next five years only, the "penalty" of refining two thirds of North Sea oil in the U.K. is put at over £600m.

The picture would be different if U.K. oil companies could look forward to exporting large quantities of refined products. But the prospects for this are bleak. Refineries in the U.K. and the rest of Europe are being operated at only two thirds capacity at present and it will be several years, possibly as long ahead as the mid-1980s, before demand fills this gap.

The oil industry was caught out because it installed new refineries before the 1973-74 energy crisis expecting demand to continue rising at rates of the 1960s and early 1970s.

## No refinery

British Petroleum has said publicly that no new refinery will be needed before the mid-1980s. The European Commission has gone further and suggested that old refineries should be closed down. Mr. Wedgwood Benn has opposed this Commission view, not surprisingly. He wants to see the refinery and petrochemicals industries expanding on the strength of North Sea oil. What is more, how can a British Government countenance enforced closures when it could be faced with applications for over £1bn. worth of expansion projects?

The accompanying table lists some of the projects in the pipeline. They include two completely new refineries (Nigg and Canvey Island), the need for which can be questioned by a few analysts. For its part, Cromarty Petroleum, which is planning the Nigg plant, is confident of its overseas markets when (and if) the refinery comes on stream in the mid-1980s.

The whole export/refinery issue is one which the new Energy Commission might be asked to review. It is a point which will not be lost on U.K. offshore operators. For in a week in which their endeavours have been shown to have produced such important fruit, and in a week when they have felt the first grip of new controls, their exclusion from the Commission must have felt like salt in the wound.

### UK OIL REFINERY EXPANSION PLANS

(Sanctioned and projected)

| COMPANY | REFINERY | PLANS | ESTIMATED COST |
|---|---|---|---|
| British Petroleum | Grangemouth | New power station | £25m. |
| British Petroleum | Grangemouth | New alkylation plant for premium motor spirits | £20m. |
| Continental Oil | Humber | Expansion | £53m. |
| Cromarty Petroleum | Nigg | New refinery, storage base and marine terminal | £200m. |
| Gulf and Texaco | Milford Haven | New catalytic cracking unit and associated facilities | £350m. |
| Mobil | Coryton | New catalytic cracking unit | £100m. |
| Occidental | Canvey Island | New refinery with catalytic cracking unit | £200m. |
| Shell | Shellhaven | New hydro cracking unit | £29m. |
| Shell | Teesport | New thermal cracking unit | £17m. |
| Total and Petrofina | Lindsey | New catalytic cracking unit | £70m.-£80m. |

Information derived from reports and industry sources; only projects being actively considered included. A number of other projects held in abeyance.

APPOINTMENTS

# Six new Board members for Samuel Montagu

Mr. Nicholas Clarke, Mr. Robert Colvill, Mr. Malcolm Davidson, Mr. Michael Finniston, Mr. Georges Gason and Mr. Christopher Wigan have been appointed directors of SAMUEL MONTAGU AND CO.

★

Mr. G. R. Smith, chief executive of the HORSERACE TOTALISATOR BOARD, has been made a member of the Board.

★

Mr. E. A. Gabrielsen has been appointed financial director with KRISTIAN JEBSENS REDERI, Bergen, Norway. For the last four years he has been general manager with Scandinavian Bank, London, responsible for shipping finance.

★

Dr. R. F. B. Bennett, Conservative MP for Farnham, has joined the Board of ITALIAN GENERAL SHIPPING.

★

Mr. B. C. W. Jonker has been appointed an executive director of LONDON AND CONTINENTAL BANKERS and continues as chief executive, Europe. Mr. R. R. Garnham has resigned as an executive director to take up a position overseas. Mr. M. J. Gibbs has become general manager, special services and investments; Mr. B. M. Madill, manager, personnel and administration; Mr. M. J. Phillis, manager, foreign exchange and money market; and Mr. E. G. McMahon and Mr. W. B. Forward, area managers.

★

Mr. E. F. Oretti has become a director of SWALLOW HOTELS, a member of the Vaux Breweries Group.

★

Mr. Harry Hooper, operations director of QUAKER OATS, has become chairman of the ASSOCIATION OF CEREAL FOOD MANUFACTURERS. He succeeds Mr. Cyril Bradford of Nabisco.

★

Mr. M. P. Douglas, Mr. J. B. Rawlings and Miss M. H. Swett have been appointed senior assistant directors of MORGAN GRENFELL AND CO. Mr. R. Carington, Mr. J. F. T. Dundas, Mr. M. C. Evans, Mr. B. L. Kieran, Mr. P. M. Lefevre, Mr. W. G. M. Michie and Mr. F. E. B. Witts have become assistant directors.

★

Mr. G. W. Richards, who joined the Board of BILLITON (U.K.) in February, has become managing director. Mr. A. M. W. Platt remains chairman.

★

Mr. Brian Dick has been appointed company secretary of LYLE SHIPPING COMPANY. He replaces Mr. Timothy Noble, who remains a director.

★

Mr. Jon Foulds, a director of FINANCE FOR INDUSTRY, has been appointed the group general manager, following the retirement of Mr. Paul Hildesley, who remains a member of the FFI Board.

★

Mr. D. G. Campion has become chairman of SECCOMBE MARSHALL & CAMPION. Mr. H. D. Seccombe has retired as chairman and managing director. Mr. P. J. Pooley and Mr. C. A. Chapman have been elected directors.

★

Following its acquisition by the Trident Television Group, Mr. Maurice Vass has been appointed managing director of WINDSOR SAFARI PARK.

★

Mr. Philip Walker, managing director of Darlington Wire Mills, has been appointed to the Board of BRIDON WIRE.

★

Mr. J. M. Riethoff has been appointed financial and administration director of the PHILIPS organisation in Canada. He is at present finance director of Pye of Cambridge and a director of Pye Holdings, the group's parent holding company which is majority owned by Philips. In his new position, Mr. Reithoff will be a member of the Board of Management of Philips. He will be succeeded as finance director of Pye of Cambridge by Mr. A. Curran.

★

Mr. M. E. Spaght, former chairman of the Shell Oil Company and currently a director of the Royal Dutch/Shell companies, has been named chairman of the International Advisory Board of CHEMICAL BANK. He succeeds Lord Cobbold, who has been chairman since 1973.

★

Mr. N. L. Edwards has been appointed an assistant director of WINCHESTER BOWRING.

★

Mr. William W. Scranton, former Governor of Pennsylvania and U.S. Ambassador to the United Nations, has been elected to the Board of AMERICAN EXPRESS COMPANY from July 25. He has also been elected a director of American Express International Banking Corporation.

★

Mr. W. Geoffrey Haslam, chief general manager of the Prudential Assurance Company, has been elected chairman of the BRITISH INSURANCE ASSOCIATION. He has been a deputy chairman (and chairman of the Public Relations Committee) of the BIA for the past two years. Mr. Haslam is at present serving as the representative for the insurance industry on the NEDC committee on finance for investment. Mr. R. H. Peet, chief executive and a director of the Legal and General has been re-elected deputy chairman of the BIA and Mr. G. Bowler, chief general manager and a director of the Sun Alliance and London Group, becomes deputy chairman.

★

Air Chief Marshal Sir Neil Wheeler is to become a non-executive director of FLIGHT REFUELLING (HOLDINGS) and of its main operating subsidiary FLIGHT REFUELLING LIMITED.

★

Mr. C. A. L. Arnold has been appointed to the Board of KLEINWORT BENSON LIMITED. Mr. J. H. Coxon has resigned from the Board on taking up a full-time executive position with Kleinwort Benson McCowen Incorporated, the recently formed investment management company in New York. Mr. E. C. Fitzsimmons has retired from the Board of Kleinwort Benson Limited but continues as a consultant.

★

Mr. R. Bearcroft has been appointed director of sales for CAPE SCAFFOLDING, a member of the Cape Industries group.

★

Mr. Patrick Foster has been appointed managing director designate of BRITANNIA SPORTSWEAR COMPANY and he will become managing director in place of Mr. Steven Miska, who is returning to the Schoenfeld Group in the U.S.

★

Mr. A. D. B. Duff has become vice-chairman of CAVAGHAN AND GRAY and has been succeeded as managing director by Mr. A. H. Sanderson. Mr. E. H. J. Lowe has been made deputy managing director and Mr. P. T. H. Osborne joins the Board.

★

Mr. Ted Hall, financial director of FRIGOSCANDIA, in the U.K., has become regional manage Gunnar Nygren, managing tor of the company, will to Sweden to take up a position on September managing director for L BUSS INTERNATIONAL A

★

Mr. J. H. West has be secretary of the MALS ASSOCIATION OF G BRITAIN in place of Mr. V. field, who is retiring.

★

Mr. Dennis Rhydderch has appointed chief inspector MINES AND QUARRIES suc ing Mr. James Carver, who retired. Deputy chief insp will be Mr. J. Marshall.

★

Mr. J. K. Warburton has appointed acting director o BIRMINGHAM CHAMBER INDUSTRY AND COMM and continues as secretary. will be responsible for executive management of Chamber following the se ment of Sir Robert Director of the Chamber. chief executive of the Na Exhibition Centre as well chairman.

★

Mr. Ralph Gilson has be chairman of PERKIN-ELMI place of Mr. Chester Nimitz has relinquished his positi chairman and director. Mr. Morgan has succeeded Mr. as managing director. A appointment to the Board Horace McDonell, senior president Perkin-Elmer Co tion, U.S.

★

Sir Tatton Brinton, chairn BRINTONS, and Mr. Woodward, vice-chairman, retaining those positions relinquishing their posts as managing directors. Mr. Lowe joins Mr. T. A. Tol joint managing director. Tonham Brinton and Mr. Clist have been app assistant managing director K. T. Almond, company sec and Mr. David Mills, prod divisional manager, join the Board. Mr. John Bigg become a director of Br Carpets (USA). Mr. H. R. H home sales manager, has made a director of B Telford.

★

Mr. Michael J. Hardima been appointed to the created position of specia jects manager of the CHESTER EXCHANGE AN VESTMENT BANK. He wa viously an area manager.

★

Mr. A. A. Scott-Jones has appointed a director of MARTIN STERLING.

★

Mr. J. N. Day and Mr. Phillips have been appointe directors of WILLIS FABER DUMAS.

★

Mr. B. H. B. Wrey has appointed a director of ELE AND GENERAL INVEST COMPANY.

★

Mr. A. E. Davis, Mr. R. Whitehouse, Mr. C. J. Millar Mr. J. J. Hyslop have appointed additional direct the Board of PREST GENERAL INSURANCE VICES.

★

Mr. A. Henderson has appointed a director of SCHI GER INVESTMENT MA MENT SERVICES. He has re as a managing director of H son Administration.

# BOOKS

## Young don

BY C. P. SNOW

Part of My Life, by A. J. Ayer. Collins, £6.95. 318 pages

Sir Frederick Ayer's first instalment of autobiography—it takes him to the age of thirty-six—has plenty of deep personal qualities, including an exemplary form of mental purity and, what is part of the same temperament, unrelenting candour applied to himself. Autobiography is one of the most difficult of all the literary arts, and those gifts are going to give Ayer's a special place. If as one hopes he carries it nearer to his present age. It would be good to have that unflinching mind reflecting on its recent past.

It is the unflinching truthtelling which gives the book its importance, but there is something more superficial which deserves a little attention. We have been swamped by works about undergraduate Oxford in the 1920s, dealing with people, happenings, attitudes of the world cherished, if not created, by gossip columnists. Uninformed persons may have been tempted to believe that here was a reflection of Oxford intellectual life. You don't have to go further than New York to find high-minded people — compare the Commentary circle—baffled, beneath their politeness contemptuous, as to what the bright young English of that period appeared to imagine "intellectuals" should be like. Martin Green's "Children of the Sun" wouldn't in such circles be considered to bear the slightest resemblance to intellectuals. Nor were they.

Now here is Ayer. He went to Oxford in 1929 (the period of the final wave of the Sun Children). He was and is a genuine professional intellectual in the strictest sense. His friends, with Berlin and the rest, faithfully and lovingly described in this book, were not playing at the intellectual life. They were the real thing. It is not unimportant that this should be imprinted on the accepted stereotype of Oxford. The special English passion for giggling gossip often does us more harm than we think.

Ayer's provenance, apart from his having a Jewish grandfather of the Citroen family, was characteristic of a middle-class intellectual. Scholar of Eton (his parents were not well off, and he could have got through school on next to nothing, but apparently family pride forbade this). Good but not dazzling school record. His intellectual penetration, which later brought him world esteem, wasn't tailor made for classical studies, though he did well enough. Curiously enough, he wasn't good at mathematics, which would be a surprise to most academic tipsters. Scholar of Christ Church. First in Greats. A series of fellowships. *Language, Truth and Logic* published at the age of 26. English star of logical positivism (opinions later qualified, but not repudiated).

The only odd feature of his academic career—it wouldn't have happened to a young scientist of his stature—was that it took a long time for him to be given a permanent Oxford job. There seem to have been two reasons. One was that his kind of philosophy ran dead against orthodox faculty opinions and philosophy wasn't verifiable, or falsifiable, as science would have been—though Ayer would have dearly loved to make it so. Second, though his character stands out of the book as one of singular generosity and honesty, as a young man he must have had a knack of making enemies.

Like other clever young men he was often diffident, but not unassuming. He was frequently aggressive. He could be something of a show-off. It is one of the commonest of syndromes in a gifted young man—but it didn't do him good. He was also, in a sober fashion, radical in politics. That did him no good either. It was not a point in favour that he had married early and still appeared to like women.

Sir Frederick Ayer: Oxford in the late 1920s

All this, Ayer writes about with charity. He is not inclined to regard his youthful self with much indulgence, as he does everyone else. Sometimes his views of persons who have crossed his path, and taken some trouble to trip him up, have a tendency to be over indulgent. Like other rational philosophers, he is inclined to feel that men are nicer than they really are, and he doesn't by instinct believe in original sin.

On the other hand, his portraits of the people he has known best, though still charitable, are scrupulous and informative. Some of these people I have met as casual acquaintances, and I have found myself thinking twice about them, and more affectionately, in the light of Ayer's judgment. Which is one way of paying tribute to this book.

Most intelligent readers will feel both sympathy and respect for Ayer. To me, it is a special delight to discover that he admired G. H. Hardy and during the war made friends with him. In fact, their minds had much in common. Complete intellectual purity; intolerance of mental muddle; elegance. Temperamentally too, there are resemblances between them. Both honourable and kind beyond the normal, and both sometimes lacking in commonplace earthy realism. And it has just occurred to me that Hardy in his youth, shy as he was, must have had more than a trace of the aggressiveness and exhibitionism that Ayer reports of himself. Young men ought to be conceited, Hardy used to say. He meant it. He would have understood, and felt affection for, the young Ayer.

## Saying it with weapons

BY MALCOLM RUTHERFORD

The Arms Bazaar by Anthony Sampson. Hodder and Stoughton, £4.95. 352 pages

"The more destructive war becomes," asks Charles Lomax in Shaw's *Major Barbara*, "the sooner it will be abolished?" To which his father-in-law, the arms maker Undershaft, replies: "Not at all. The more destructive war becomes the more fascinating we find it."

If Lomax could be said to be predicting the nuclear balance of terror, the response was even more prescient. Even if two powers have the ability to destroy each other several times over, and even if they have reached arms limitation agreements, the competition goes on. It might, after all, be possible to produce weapons so powerful and so accurate that the other side's ability to retaliate could be destroyed in a first strike. That is the fascination that Undershaft was taking about, and it is not confined to the makers of arms.

Anthony Sampson's new book is a reminder that a great deal else about the arms trade is far from new. The first Japanese Prime Minister to resign because of questionable payments by a foreign arms dealer, for example, was not Mr. Tanaka in 1974, but Admiral Yamamoto in 1914. The British company Vickers had been overpushing a battleship deal with its agents Mitsui, who at that time *(plus ça change)* were said to control a large part of Japanese foreign trade.

A Shah of Persia had been shopping for arms at Armstrong's, another British company, as early as 1889. Ten years later the British Director of Naval Construction complained that British warships were being delayed because priority was being given to exports—the sort of complaint that is quite common among the American military to-day. Again, not long after the first world war there was a crisis of a kind that was to become familiar. Armstrong's was on the brink of bankruptcy. With government prodding, the Bank of England moved in and brought about the merger with Vickers.

Mr. Sampson recalls these incidents only in passing. His real business is to tell the story of Lockheed, and a few other broadly related stories besides. They are very good stories, and he tells them well. Apart from the Lockheed saga, the brief section on the Anglo-American approach to the first big arms deal with Saudi Arabia and the chapter on the Saudi middleman, Adnan Khashoggi, make riveting reading.

The Saudi story is one of monumental confusion. The British Government, for reasons of public expenditure, had been obliged to cancel some of its own advanced aircraft projects and to buy American instead. But to do that it required foreign exchange. It was therefore agreed between London and Washington that a contract, that would otherwise have gone to the U.S., to supply aircraft to Saudi Arabia would now go to Britain. The British then supplied the Saudis with Lightnings, an aircraft ill-suited to desert conditions, in order to finance their own purchase from the U.S. Even then, it turned out that the British had no money and the order to the U.S. was cancelled. Mr. Sampson comments: "The Saudis had been persuaded to buy British planes that they did not want, to allow Britain to pay for American planes that they could not afford." One of the principal actors in that affair was John Stonehouse; another was Denis Healey.

The Khashoggi affair is, in essence, not much different. Khashoggi was the agent for competing suppliers: British, American and French, and for more than one company among all of those nationalities. At one stage, he was called to the Pentagon to explain those apparent anomalies. That, he said, was the way Saudi Arabia worked. There is a great deal of evidence that the Saudi authorities are opposed to that kind of approach, but at the time Mr. Khashoggi's statement was taken as reassuring.

Mr. Sampson rather spoils his book towards the end by adding his own morals. The stories stand for themselves. If there is a moral, it is that the arms industry seems to be remarkably incompetent and its relations with Government confused. Mr. Sampson is more portentous: the industry, he says, should be nationalised, even in the U.S. What is lost in the way of jobs in the military sector should be compensated by more civil projects. That overlooks two facts both of which are brought out very well in the book. One is that there is little evidence that Governments, even left-wing Governments, are any more restrained about promoting arms sales than companies. The other is that the biggest scandal of all—the Lockheed Tristar affair—was in the civil and not the military sector. Mr. Sampson's art, however, lies in story-telling and the morals are confined to the last few pages.

## Crimes

BY WILLIAM WEAVER

Stud Game by David Anthony. Collins, £2.95. 249 pages

David Anthony's protagonist, already encountered in this author's *The Organization*, is Stanley Bass, now living in Los Angeles and making his living as a professional poker-player. The character is familiar; tough, given to cynical thoughts and snappy repartee. He is a man of action (he "builds" martinis and sandwiches, he "works on" cups of coffee), but he is also capable of reflection. Pretty much the Standard Yank hero, in other words. But Anthony is careful, imaginative plotter and whether or not you like Bass, you will be caught up in this story, which tells how he exposes a clever fraud and a fiendishly complex web of friendships and enmities.

Chance Awakening by George Markstein. Souvenir Press, £3.50. 251 pages

A "sleeper," in espionage language, is an agent planted in a foreign country and deliberately kept inactive, perhaps for many years, until his services are required. Michael (Michael to his old friends) is such a sleeper, in London, where he leads a legitimate business and is having a steady affair with the lovely Sharon. When an agent is murdered, Michael has to be roused from his sleep, but his awakening stirs his suspicions. He breaks the rules, which then threaten to break him. George Markstein, a skilled practitioner in this area, keeps the reader—like Michael—constantly guessing, constantly alert.

The answers, when they come, are surprising and cogent.

## Russian giant

BY ALEX de JONGE

The Gentle Barbarian, by V. S. Pritchett: Chatto and Windus, £5.95. 243 pages

Turgenev is the most accessible of the great Russian novelists. A friend of Flaubert and Henry James, living abroad, devotedly in a peculiar ménage à trois with the singer Pauline Viardot and her husband, he is the most European of Russians, wearing a decently cut suit never a peasant's smock. His works have a writerly control and a balance which endears them to non-Russians, and although they treat regularly of social issues they do so with a balance that eschews polemic. Yet for all their decorum Turgenev's evocations of ample life in sun-filled country houses have an ease and scope that makes them very Russian.

Yet that their author was a singularly balanced man. Much of the unbalance came from his mother, a monstrous tyrant who ruled her considerable estates with a rod of iron. She was an early version of the kind of domineering Russian lady whose main weapon is violent emotional blackmail. In a world that prides itself upon its capacity for feeling strongly the ability to arouse feelings—love, hate, remorse—in others, became the key to naked power. She created a race of powerful women and subject, cowardly responsible fathers and sons.

Turgenev, a blend of clumsiness, timidity and the awkwardness of very large men was not helped by his mother. he attempts to persuade him that he was driven not by a longing for love, but mere animal lust, in that women would always be him in the end. His sexual life was a sad story of occasional affairs and unconsummated admirations. Literature proved a more reliable source of gratification in the end.

V. S. Pritchett's study is a strange work, but one no lover of Russian literature can afford to miss. It is oddly uneven in places. Perhaps because its author has no Russian he takes Turgenev's early days in Moscow and St. Petersburg at breakneck pace to a strangely perfunctory manner. Indeed much of the biography is awkwardly written and poorly edited. The French quotations are disgracefully inaccurate.

As biography the book has none of that quality of the "seamless garment" which characterises the best and the worst specimens of the genre.

However, its real value resides in its penetrating and beautifully written criticism, for it is much less a biography than an examination of Turgenev's writing. It proves that practicing writers have infinitely more to say about literature than do literary critics. The author evokes and analyses the works with a superb combination of quotation and comment, displaying throughout an extraordinary eye for Turgenev's particular skills and problems. Where the biography is choppy the criticism is beautifully written and relaxed, reading like a different book.

Mr. Pritchett writes with great beauty and sensitivity about the business of making literature. The book's fascination comes from the sight of a writer inspecting the works of one of the greatest masters of narrative and character. "the novelist's novelist" Henry James called him. Mr. Pritchett talks to us about the process of writing from, as it were, the inside, and the result is deeply rewarding, a profoundly personal and partial piece of criticism, the work of a writer, not an academic, and all the better for it.

## Tom's tales

BY HUMPHRY BERKELEY

Ruling Passions: the autobiography of Tom Driberg. Jonathan Cape, £5.95. 271 pages

Tom Driberg: posthumous confessions

When Tom Driberg died, in 1976, a number of troubled old gentlemen in their 70s breathed more freely. Their anxiety was to return when they learned that the greater part of his autobiography had been completed and was to be published posthumously. It contained, so it was rumoured, scandalous revelations. As the publication date drew near, one septuagenarian took to his sick-bed. "Tell him I think it's all right," I was able to say on the telephone to his young male companion, "his name is not in the index." I was relieved to hear that he felt well enough to take some vegetable broth for his evening meal.

I must state unambiguously that the fears were groundless. Tom has compromised only the dead, including himself. The book is, however, in the realms of sexual explicitness, unique. It will, I fancy, have the same effect on sexual candour as the splitting of the atom has had on aerial warfare. By contrast *Lady Chatterley's Lover*, is a primly reticent literary work.

Tom was an open and very promiscuous homosexual. He has portrayed homosexuality as being the overriding element in his life, to which everything was subordinated. His sexuality, as described by himself, excluded love. One is left with the impression that Tom, whose sexual pleasure was uncompromisingly "butch," belonged to the pre-war Communist party as the most fertile producer of working class roughs. He has surely been overharsh in his self-judgment.

Tom Driberg was a professional journalist; for ten years the first and incomparable "William Hickey" of the Daily Express. He was incapable of writing badly. He has, in *Ruling Passions*, written with freedom about two occasions when he was nearly arrested while an MP for committing homosexual acts in public (which are still illegal), and he has provided much of the transcript of his trial for indecent assault in 1935 (he was acquitted), which was not reported in the Press owing to the protective influence of Lord Beaverbrook.

He has reproduced some of his contemporary reports of the Spanish Civil War, of London in the Blitz, and (most macabre of all) of his visit to Buchenwald. All are feats of journalistic brilliance. There is also an entrancing chapter on his visits to Guy Burgess in Moscow.

The absence of any mention of his wedding is quite extraordinary. It was not a cold little job, but a full nuptial mass followed by a large reception on the Terrace of the House of Commons. Tom Driberg was an MP for 30 years. He believed that he was excluded from office because of the tyranny of a heterosexual society. One post-war Conservative Cabinet Minister, however, was a well known homosexual of almost equal indiscretion.

Nor is it true, as Driberg maintains, that politicians more easily survive heterosexual scandals. John Profumo, and Lords Lambton and Jellicoe are proof of this. The truth is that most people are prepared to overlook so-called sexual misdemeanours on the part of politicians, unless they are made public and forced into the open. Many homosexuals indulge in self pity at their supposed disadvantage. I did not expect this from Tom Driberg.

## In Short—Crippen, Byron and others

Crippen, the Mild Murderer by Tom Cullen. The Bodley Head, £4.95. 218 pages

Crippen continues to have star-rating in this century's line-up of convicted murderers, yet compared with the other top-notchers—Christie, Haig, Heath, Brady and Graham Young—he must be the black sheep in the psychiatrists' studies of murder most English.

Billed as the first criminal to be caught by the modern miracle of wireless (in 1910) with the ingenuity of a fascinating escape-plan—his androgynous shipboard partner blew his cover—his story has filmic highlights and the world's Press shared in the excitement of his capture.

The most remarkable, and saddest quality of the Crippen case is not his professional butchery and disposal of a grotesquely redundant wife (Crippen was an American doctor of homeopathy) but the fact that he will always be known as the "mild murderer." A quiet, decent, likeable traveller on the Clapham omnibus, he "wouldn't harm a fly." Belle Elmore, his blowzy, domineering, self-seeking spouse was more of a tarantula. She had to go. She went . . . in pieces . . . into the cellar in Hilldrop Crescent in Holloway.

Tom Cullen's title immediately suggests his sympathetic narration. Although the newspaper headlines screamed "Murder and Mutilation" and vivid descriptions of the gruesome dismembering of the obese Belle fired the newspaper reading public, the man from Scotland Yard was sorry to place the handcuffs on the pebble-eyed, walrus moustached, pathetic little killer.

This is a book which should be read by overbearing, selfish wives and one to be hidden from "mild" men who are fed up to the gills. Like the author, and Inspector Dew, I almost wish that Crippen had been the one that got away.

DEBORAH PICKERING

Wilberforce by John Pollock. Constable, £5.00. 368 pages

There has never been any doubt that more of the credit for the abolition of the slave trade must be given to Wilberforce than to any other individual. A widespread view of him, however, has been that, he was a rather dreary, sanctimonious individual, who may have cared for the Blacks, but never lifted a finger on behalf of the down-trodden poor of the early stages of the industrial revolution whose degraded lives were worse than those of any slaves in the West Indies (vide Cobbett). Mr. Pollock, aided by material never before published, effectively demolishes this.

So far from being dreary, Wilberforce was cheerful and witty and an excellent mimic, and as an orator he was second to none in the great days of parliamentary oratory. He led a reasonably gay life as a young man, gave up gambling for high stakes, because he disliked taking money from those who could not afford to lose it. He was a religious man, and he took an active part in the prosecution of the printer of Tom Paine's *The Age of Reason*, but this was chiefly because the book advocated revolution at a time when we were engaged in a death struggle against revolutionary France.

As for the English poor, he showed his concern for them on several occasions, but, being a man of his age, he had little faith that legislation could help them. On the other hand, Acts of Parliament could clearly affect the slave trade and also slavery, the abolition of which in the British Empire he lived just long enough to see enacted. This book is essentially a biography of the man, not a history of the abolition of slavery. As such, it paints a vivid and sympathetic portrait and will not easily be superseded.

ALLAN TODD

The Late Lord Byron by Doris Langley Moore. John Murray, £7.50. 542 pages

The manuscript of Byron's own memoirs was burnt in 1824 by his executor, John Cam Hobhouse, with the approval of his wife, Annabella, and of his half sister, Augusta Leigh, because it was thought to be too erotic. Other people, however, instantly started writing books about Byron, seeing him both as hero and scapegoat of the Regency Age in Britain and of the beginnings of liberation in Greece.

Thomas Moore's *Life* was respectable: he had long been an amiable hanger-on of peers and men of letters and was himself, to some degree, a melodious bard. But there were other memoirs by people who had met Byron only occasionally in Italy, Malta, Greece, and elsewhere, and who hastened to cash in on the death of the celebrated international poet. Medwin, Dallas and Trelawny all wrote about him, usually with some malice which they believed showed themselves to advantage.

Even Stendhal wrote what he called an eye-witness's story of Byron in Italy; Mrs. Moore aptly entitles her chapter on him: "An Imaginative Frenchman." Leigh Hunt wrote a venomous book, in which he worked off a life-time's antagonism. And Southey, then Poet Laureate, denounced Byron as "a pander-general to the youth of Great Britain, because he had committed a high crime against society, by sending forth a work in which mockery was mingled with horrors, filth with impiety, profligacy with sedition and slander." Southey was referring to the most entertaining of Byron's long poems, *Don Juan*.

Byron was unusually affable to casual acquaintances and talked to them readily without restraint. How they interpreted his word and actions after his death makes a curious tissue of mist through which late biographers have had to penetrate. Mrs. Doris Langley Moore's *The Late Lord Byron* is a magnificent analysis of the poet's contemporary biographers, written with understanding for the reasons of their half-truths and with sympathy for the anguish genuinely suffered by Hobhouse as his executor. Her book was first published in 1961; the present edition is a corrected rather than a revised one, because the cost of resetting forbade revision. It should commend itself to all connoisseurs of biography.

ALAN HODGE

## Fiction

## Third world cursed and blessed

BY ISOBEL MURRAY

Drums For Rancas by Manuel Scorza. Translated from the Spanish by Edith Grossman. Secker and Warburg, £3.90. 214 pages

South of the Lights by Angela Huth. Collins, £4.25. 227 pages

Twins by Bari Wood and Jack Geasland. Heinemann, £4.50. 316 pages

A Fine Romance by Cynthia Propper Seton. Heinemann, £3.90. 192 pages

The chilling foreword to *Drums For Rancas* seems to offer us a real life horror story, concerning the elimination of Peruvian villages in the Central Andes from 1950 to 1962, by Peruvian military, in the name of certain powerful supranational mineral interests. The author declares that he is "not a novelist so much as a witness."

Now this is in one sense true it did happen, he was there, he worked in protest. But his witness — or his protest — would not be half so effective if this book did not demonstrate that Manuel Scorza is a very talented novelist. It is a gentle, quiet tale, often richly comic. The events are largely related through peasants' eyes, so that the fence put up by the mining corporation to starve peasants of land and water is seen as organic, not man-made, monstrously propagating itself across the known world.

Rancas is the chief small village portrayed and its Judge Montenegro, the most criminally corrupt official. The hero Héctor Chacón, is the eventual leader of impotent and doomed revolt, the would-be assassin of the Judge. But a multitude of vivid peasant characters is brought to life in the squalor of everyday, the acceptance of oppression, the panic of starvation and murder.

Minor landowners also linger in the memory, like the one who smilingly offered drinks to fifteen workers who wanted to form a union, and on their immediate simultaneous expiration telegraphed the Judge that they had died of "mass thrombosis."

The events and their meaning dawn slowly on the readers' and peasants' understanding: when revolt comes it is too late — the official to receive complaints is not in — "In Peru no one has been in for centuries." Instead of Bolivar's aims of Liberty, Equality, Fraternity, "they give us Infantry, Cavalry, Artillery." The last of the peasants have to be dead and gossiping underground before they agree, "It's not Christ who is punishing us, it's the Americans."

But in no obvious sense is this an angry book or even a preaching one: it moves slowly and indirectly, with the overriding interest seeming to lie in the peasant consciousness. We only remember that Scorza is witness as well as novelist when we know that Chacón has actually been in prison for fifteen years, that the Judge still fatly strolls the streets and that three new cemeteries have been required in the district.

Nearer home is Angela Huth's *South of the Lights*, a funny and often touching novel set in a Midlands village. Most of the people in the book are unhappy and thwarted, with the triumphant exception of Evans Evans, the sub-postmaster, and Brenda, the farmworker, who experience endless hours of abandoned happiness in the hayloft of the broiler-house where she works.

More simply pathetic are the abandoned wife at the Big House, trying to scare away would-be buyers, and offering Evans and Brenda a temporary love-nest, and Brenda's talented and clearly fragile flatmate, Lark. Although the dominant note of this novel is quietly comic, pathos increases slowly.

*Twins* is, intentionally, an uncomfortable book. It is long, but easy to read. It traces the lives of a pair of identical twins, David and Michael, both of whom become doctors. They differ in character and most people dislike one and like the other. Michael, whom we see most clearly, marries, devotes himself to terminal cancer cases, becomes addicted to drugs, but is always more addicted to David than wife, child, career, or even drugs. David, brilliant, homosexual, destructive, is a constant force in his life and the bond between them is recognised as malevolent but inescapable.

*A Fine Romance* by Cynthia Propper Seton ought somehow to be more impressive than I found it. The comedy of manners, situated in a luxury coach touring Sicily over Christmas and the Arab oil embargo, is promising. The characters are ingeniously varied, and their dialogue and relationships should hold the attention.

I found that for me they did not.





هكذا من الأصل

## TORY MP LAUNCHES TIRADE AGAINST UNIONS

BY JOHN HUNT

AS THE emergency debate on the Grunwick dispute got under way in the Commons last night, Mr. Sam Silkin, the Attorney-General, made it clear to the House that he has no intention at this time of initiating any prosecution against the postmen who are refusing to handle mail for the beleaguered North London firm.

He emphasised that the court of inquiry under Lord Justice Scarman, announced to the House earlier by Mr. Albert Booth, Employment Secretary, should be allowed to proceed without pressure from either side. If this were done, he argued, there would be no need for him to intervene in the row that has followed the mass picketing at Grunwick.

Despite protests from the Opposition, Mr. Silkin reiterated his belief that he must weigh any legal action on his part against the need to avoid the disruption that would result if industrial disputes spread on a large scale as a consequence of such action.

"What the Attorney General has to do is to make the right decision and make it at the right time," he declared.

His view was that in the present circumstances and in the light of the court of inquiry, it would be totally wrong and counter productive to consider prosecution at the moment. This, he claimed, was in line with decisions taken by Lord Shawcross when he was Attorney General in 1951 and with policies enunciated by all law officers since that time.

This brought an angry intervention from Sir Michael Havers, shadow Attorney General, who snapped: "Public interest cannot be concerned if the company is forced into liquidation by reason of illegal action."

Announcing a court of inquiry Mr. Booth appealed for reason on both sides and said that action which reinforced entrenched positions, including mass picketing, would not help a peaceful solution. He appealed to MPs to make sure that their speeches during the debate did not hinder such a solution.

This was backed up by the Speaker, Mr. George Thomas, who reminded the House that, in the words of Erskine May, the Parliamentary authority, "Good temper and moderation are the characteristics of Parliamentary language."

However, there was not much sign of the warnings being observed on either side of the House in the contributions which followed.

Mr. Ronald Bell (C., Beaconsfield), who had initiated the emergency debate, launched into a tirade against the unions and said that the setting up of the court of inquiry seemed to be a way of organising a surrender by Mr. George Ward, managing director of Grunwick.

"Compromise? There is too much of it—a great deal too much of it," he said. "There are people who would compromise with the devil.

"It is gang warfare that is taking over our country and challenging not only the rule of law but democracy itself. This coercion is going to destroy our communal life, destroy our freedom and is going to destroy our nation."

# Booth stresses inquiry needs calm atmosphere

MR. ALBERT BOOTH, Employment Secretary, told the Commons yesterday that he had asked the court of inquiry into the Grunwick dispute to begin its work with the greatest urgency.

In a statement, Mr. Booth said: "During the past week or so, I have had a number of meetings with the parties concerned. I have discussed the situation with the managing director of the company, Mr. Ward, and his advisers, and with the general secretary of APEX, Mr. Grantham.

"I have attempted to explore with both sides how sufficient progress might be made towards resolving the issues in dispute and to defuse the explosive situations which exist on the picket line and elsewhere. These escalating troubles must be laid to rest before they do more damage.

"During the course of the discussions, I considered very hard in what way progress might best be made. I formed the conclusion that, if the parties were able to give me certain assurances, I should appoint an independent mediator to investigate.

The court of inquiry, headed by Lord Justice Scarman, has as its terms of reference, "to inquire into the causes and circumstances of, and relevant to, the dispute, other than any matter before the High Court until the final determination of these proceedings."

Other members of the court will be Mr. Pat Lowry, director of personnel, British Leyland, and formerly director of the Engineering Employers' Federation, and Mr. Terence Parry, general secretary of the Fire Brigades Union.

been considering what further steps might be taken, since it is clear that matters cannot be allowed to go on like this."

After announcing the appointment of the court of inquiry and its terms of reference, Mr. Booth said: "These terms allow all the circumstances and issues involved to be examined, other than the ACAS recommendation on union recognition, the validity of which is being challenged by the company in High Court proceedings which begin next week."

Mr. Booth explained that courts of inquiry under the 1919 Industrial Courts Act were not set up lightly and this was only the second since 1972.

"But this has been a very long, bitter and damaging dispute, which still shows signs of widening," the Secretary of State declared.

"I believe that a court of inquiry is now the right course. Over the years, courts of inquiry have brought about the resolution of other disputes that were equally damaging and intractable.

"The court needs every possible help. First, it will be looking for full co-operation from the parties. I would urge them to give every assistance to the court and help expedite its proceedings.

"Secondly, and this is most important, it needs to be able to proceed in a reasonably calm atmosphere.

"Action by either party aimed at reinforcing entrenched positions, including mass picketing or any other action that might lead to breaches of the law, does not help. So I would appeal to both APEX and Grunwick to consider whether their behaviour is calculated to increase the chances of achieving a peaceful solution of the dispute."

the circumstances of the dispute, to make recommendations to the parties, and to report to me.

"I wrote to Mr. Ward and Mr. Grantham last Friday to say that I would appoint a mediator if they would agree to co-operate with him and abide by his recommendations.

"The union was prepared to give me these assurances, but, despite long discussions, I have been unable to persuade Mr. Ward and his advisers to agree to abide by a mediator's recommendations."

Mr. Booth added: "In view of this, I have come to the conclusion, very regretfully, that the appointment of a mediator would not bring about any early progress. The Government has

Mr. Booth added: "I am well aware of the strength of feeling on both parties to the dispute, but I think I am entitled to urge this on them, and on others involved. I would also hope that this appeal will have the full support of the TUC and the CBI.

"Finally, the court's attempt to seek a peaceful solution needs the full support of the whole House and I am confident that this will be forthcoming.

"I hope that any statements made now, or in the debate, will be of a kind that will help and not hinder this effort to find a peaceful solution."

Mr. James Prior, Shadow Employment Secretary, stressed it was essential that the inquiry should take place in a calm atmosphere. He called for the number of pickets to be reduced to achieve this end and the Post Office workers' ban on delivering mail to the plant to be lifted.

Mr. Albert Booth "Matters cannot go on like this."

This was "an essential prerequisite" to the court of inquiry.

Mr. Booth replied: "I hope you are not attempting to lay down conditions as to the support which your party will give to this court of inquiry.

"Violence outside Grunwick is something I greatly deplore." This was not related only to the number of pickets, but to the actions of a number of other people there.

On the Post Office ban, Mr. Booth said he was not laying down conditions for the inquiry. "I am appealing to all concerned to give their utmost co-operation to the inquiry to ensure, an atmosphere in which it can have the best possible chance of resolving this dispute."

Mr. Laurie Pavitt (Lab Brent S) queried whether Grunwick's refusal to have a mediator was based on instructions from Mr. John Gorst, Tory MP for Hendon North.

If the management refused to follow the inquiry's recommendations, the union would have every right to ask workers to join, he added.

Mr. Booth replied that Mr. Gorst had acted as spokesman for Grunwick's "throughout almost the whole of the discussions." This was greeted with shouts of derision from Labour backbenchers.

Mr. Booth warned: "It would be a very grave matter, indeed, if either party were to ignore the recommendations of a court of such high standing."

Mr. Cyril Smith, Liberal employment spokesman, welcomed the inquiry and its membership, particularly as it was to be chaired by a judge.

Liberals supported the call to all sides in the dispute to co-operate with it. If anyone, inside or outside the plant, sought to interfere with it, they should be dealt with in the proper fashion of the law.

Mr. Gorst told the Secretary of State: "The Grunwick management will co-operate in every way they possibly can with this court of inquiry. They will give the most careful consideration to any recommendations."

But he warned: "It will be very difficult, perhaps impossible, to co-operate if undue duress is exercised on them at the time it takes place."

He asked Mr. Booth when the inquiry would sit. If it was at the same time as the High Court action, he did not see how the management could be in two places at the same time.

Mr. Booth welcomed the statement that Grunwick would co-operate but said he regretted the doubt cast upon that undertaking by reservations about actions which placed the firm under duress.

He was quite sure that Lord Justice Scarman would appreciate the fact that both sides needed to appear at the High Court.

Mr. Eric Heffer (Lab. Walton) pleaded with Mr. Gorst to help settle the dispute without the court of inquiry by simply accepting that Grunwick workers had the right to join a union.

Mr. Mark Carlisle (C. Runcorn) urged the Minister to back the call by Post Office Workers' leader, Mr. Tom Jackson, for "those carrying out an illegal action at Cricklewood, to desist."

Mr. Booth replied: "I join with those on all sides of this difficult dispute who will urge that any actions which, in themselves, are illegal, or which might lead to illegal action being brought about, will desist from that during this court of inquiry."

Mr. John Mendelson (Lab. Penistone) wanted Mr. Booth to tell the police to "allow the lawful pickets to enter the bus and try to persuade people who are at work to join the strike."

Mr. Booth replied that as he understood the law on picketing, providing there was no violence and no threat to the peace, there was "no reason why pickets should not enter the bus to persuade people."

# Silkin rejects legal action

MR. SAM SILKIN, Attorney-General, said in the Commons yesterday that it would be "wrong and counter-productive" to consider prosecution of postmen blacking mail for Grunwick.

The time had not come to take the issue out of the hands of the Post Office, he added.

Mr. Silkin said he had written to the Post Office chairman, Sir William Ryland, last week, asking what steps he was taking to make sure it carried out its statutory duties and responsibilities. On Wednesday, the Post Office had posted notices at its Cricklewood office warning staff to carry out their obligations.

If they did not obey within 24 hours, the staff would be told to leave and would get no pay or sick leave entitlement until they were prepared to heed the instructions.

The Post Office had taken a responsible decision. Apart from Cricklewood, staff were working normally and there had been no escalation of the dispute.

The public interest did not produce easy decisions. It was a matter of balance.

Mr. Silkin added: "One has to make the right decision at the right time. At the moment my view is that any suggestion that it would be right to consider prosecution would be totally wrong and counter-productive."

"I hope those in control of this company will see sense and take part in this inquiry and that they will put their case before the court of inquiry so that both sides can be looked into and examined."

He hoped Grunwick would not enter the inquiry saying it would accept the recommendations if they were in the company's favour but reject them if they were not. "I hope both sides will accept the court on the basis that they will accept its conclusions."

He had emphasised before that only in the most exceptional circumstances would he take the issue out of the hands of the Post Office. "I do not believe on the facts . . . that the time has now come for me to take that action."

Mr. Ronald Bell (C., Beaconsfield) said it was clear that the Grunwick dispute was not about employees being dismissed for joining or wanting to join a trade union.

"The dispute is about the recognition of APEX as the negotiator for the employees in the factory, not one of whom is a member of APEX. That also applies to ex-employees when they left the factory."

Mr. Bell said the issues were political and of the widest significance. There was talk of conciliation but it amounted to the question of how Mr. Ward was going to give in. For once, the unions had found someone who would not crumple.

"There is always talk of moderation on this question. There has been too much of it. There are people who would compromise with the devil.

# Premier pressed on 'lost economic momentum'

BY IVOR OWEN, PARLIAMENTARY STAFF

THERE IS unlikely to be any substantial reduction in unemployment levels in Western Europe until those countries in the best position to achieve economic growth get into a faster gear, the Prime Minister suggested in the Commons yesterday.

Reporting on the outcome of the meeting of EEC Heads of Government in London, Mr. Callaghan did not deny a charge by Mrs. Margaret Thatcher, Opposition leader, that since the Downing Street summit earlier in the year the economic momentum, which it was then agreed should be secured, had been lost.

Growth rates had already been revised downwards and Britain's growth forecast appeared to have been revised most downward of all, she said.

Agreeing that a lot of the momentum seemed to have been dissipated, Mr. Callaghan said some of the factors which had affected those countries which should be maintaining a high rate of growth were beyond their standing in traditional terms.

Certainly, the view has been brought home to those countries who provide the motor of the Western economy that the faster the growth they can get the better the chance of reducing unemployment," he stressed.

The Prime Minister brushed aside a suggestion by Left-winger Mr. John Mendelson (Lab., Penistone) that with the disappointing results of the efforts made by the EEC to deal with unemployment, the time had come for Britain to take action on her own by cancelling the IMF loan and starting a programme of reflation without delay.

While making it clear that the IMF loan was not discussed at the EEC meeting, Mr. Callaghan urged Mr. Mendelson to consider the effect of cancellation on international confidence in Britain—which, at the moment, was at a high level.

When questioned about the failure to break the deadlock over the siting of JET, the EEC's advance thermonuclear fusion project, the Prime Minister said it would be unable to recommend that Britain should go it alone.

He hoped that the Foreign Ministers would be able to reach an agreement which would prevent the able research team at Culham, near Oxford, being dispersed.

# Price control powers attacked

PROPOSED TOUGH new powers for the Price Commission were designed to produce the means for permanent Government intervention within industry, a Tory peer claimed in the Lords yesterday.

The Earl of Mansfield, from the Opposition front bench, was attacking the Price Commission Bill whose bitterly fought final Commons stages produced a marathon 31-hour sitting last week.

In yesterday's second reading debate, Lord Mansfield said that if the Bill became part of the Government's permanent powers, it would be used in the field of competition and monopolies and also to control sections of industry.

The Bill gives a reconstituted Price Commission new powers to investigate price increases, prices and profit margins and to impose temporary price freezes.

Lord Mansfield said the Bill would do little to keep prices down but a lot to create uncertainty in industry and commerce. Unless there was confidence in the world of business, there was unlikely to be the degree of investment which would create industrial expansion and jobs and bring down the record level of unemployment.

Government spokesman, Lord Oram, said the increased powers of the Commission would not be a complete cure for inflation. The cure for that lay in a wider range of policies including control of public expenditure and maintenance of an effective voluntary wage policy.

"By enabling effective action to be taken in areas where market forces do not serve as an adequate restraint on prices, the Bill will play an important dual role both in restraining prices and in improving competition policy. It will be of benefit to every inhabitant of this country."

Before the debate began, he cautioned peers: "Perhaps I might express the hope that in considering the Bill your Lordships will not seek to emulate the record-breaking attempts witnessed last week."

# Callaghan disputes Thatcher claim

THE PRIME MINISTER spent almost all of his allotted 15 minutes of questions dealing with challenges over the Grunwick issue. He told MPs: "No one should be dismissed for the simple act of belonging to a trade union."

Mrs. Margaret Thatcher, Opposition leader, retorted that three members of the Grunwick firm were union members of the firm before the dispute started. "It cannot be correctly alleged that people are dismissed from the firm for joining a union," she declared.

Mr. Callaghan said that until it was proved to the contrary, his view was that people had been dismissed for union membership. He called on the Opposition leader to affirm the right of employees to join a union.

Mr. Robert Adley (C. Christchurch and Lymington) said that the Conservative Party enshrined the right of anybody to be free to join a trade union and the right of anybody not to join one. He asked Mr. Callaghan: "Will you join me in sponsoring a motion upholding both these freedoms?"

The Prime Minister replied: "I am glad you are catching up with a principle that ought to have been apparent to the Conservative Party for the last 100 years."

Mr. Mike Thomas (Lab., Newcastle E.) said: "If the Tories had an election victory, there would be a period of social disruption—because of the stance they have taken—that would rip this country apart."

Mr. Callaghan told him: "It is a little difficult to define the attitude of the Conservative Party. I think they are very divided in their views. One half, and one part of their minds, knows that what we are saying is right in principle. The other half cannot fail to make political mischief out of a very difficult situation."

His remark brought angry protests from Tory backbenchers.

Sir Geoffrey Howe, shadow Chancellor of the Exchequer, said the laws enacted by Parliament clearly defined people's rights to belong, or not to belong, to a union.

He asked Mr. Callaghan to endorse "that these rights should be determined through the courts and through the procedures laid down, instead of through industrial warfare on the streets."

Mr. Callaghan replied: "My experience, after a long record of trade union membership, is that the more the courts stay out of industrial relations, the better it is."

# Assembly men at Ford to go back

By Alan Pike, Labour Staff

FORD PRODUCTION began returning to normal last night following a decision by a mass meeting of Dagenham assembly workers — the third attempt — to call off their strike over lay-off pay during internal disputes.

Pickets at the Dagenham plant were immediately withdrawn when the assembly workers agreed to resume work after almost three weeks. The dispute, which arose from the suspension of one man, and halted all Cortina, Fiesta and Transit van production, has cost Ford 18,000 vehicles with a value of £47m.

A first back-to-work attempt was rejected by a poorly attended meeting last Friday. The formula was voted down at a second meeting this week, but after further negotiations between company and union came yesterday's decision.

The assembly workers, who are frequently sent home because of strikes in the neighbouring body plant, had demanded 80 per cent. pay if laid off by such disputes. Ford pays its workers only if they are made idle by action outside the company.

Although the assembly men have not won their claim for payment during internal stoppages, the company and unions have agreed on a new disputes procedure which they hope will reduce disruption of production. The company has guaranteed that it will not lay off assembly plant workers because of disputes elsewhere in the company for at least a day after trouble arises.

On disciplinary issues, the cause of some stoppages which may lead to lay-offs, the company has undertaken to delay dismissals for three days and suspensions for half this time. During this breathing space district union officials will be called in to try to resolve problems.

After yesterday's decision to return to work, Mr. Brian Elliott, assembly plant convenor, said that while he would abide by the decision, there would be "an investigation into the vote." There were complaints that men from other parts of the factory had voted and, he said, it was possible that "up to a third of those present" were not from the assembly plant.

● The regrading strike by a dozen toolfitters at Leyland Cars plant at Solihull yesterday resulted in 750 being laid off. They were previously redeployed. The strike has already halted output of the Rover 3500 and caused 1,000 to be laid off at the associated Castle Bromwich body plant.

## Lift engineers return

THE STRIKE by Otis lift engineers ended yesterday. The unofficial strikers accepted a formula agreed between the shop stewards, the Electrical, Electronic, Telecommunication/Plumbing Union, and the management.

The company said that urgent reinstatement of lifts out of service was underway in the provinces and would start in London on Monday.

The strike started over the suspension of eight men employed on the new Strand Underground station in London who refused to work when an access point to the site was closed.

The company has lifted the suspensions of the eight men on the understanding that normal work, without restriction, will be carried out by all the men.

## Canteen staff join protest

THIRTY WOMEN canteen workers walked out of the picket-ringed Lucas aerospace factory at Wolverhampton to support a dispute involving 1,000 men. The 680 members of the staff will have to do their own catering.

The dispute is over bonus payments. The Amalgamated Union of Engineering Worers said 380 machinists were locked out. The rest came out in support.

### Buses halt at 9 p.m.

All bus services in Cardiff will be suspended from 9 p.m. for two weeks by crews protesting against assaults. Bus crews halted services for three hours early yesterday and held a protest meeting.

### Postmen's rebuke

Sixty Post Office workers at Newcastle-under-Lyme, Staffs, condemned Mr. John Golding, an Under-Secretary at the Employment Department and member of the Post Office Workers' Union, for his criticism of the choice of Princess Margaret as "not the appropriate person" to open the town's job centre. He boycotted the ceremony. The postmen said there was a move to black Mr. Golding's mail, but "that would have been against the law, so we sent him a letter instead."

### Leyland accused

Nottingham City Council may stop dealing with British Leyland because of a three-year delay in delivering bus parts, which it claims cost £45,000. Mr. Philip Groves, general manager of the transport department, said in a report that Leyland delivered only 15 of 60 ordered bus chassis which should have arrived in 1974.

# GEC workers support State merger scheme

BY MAX WILKINSON

THE 16,000 WORKERS in the General Electric Company's turbine generator division yesterday supported Government plans for a merger of the industry—in defiance of a decision by their union leaders.

The workers, who make power station machinery at factories in Rugby, Stafford, Manchester and Larne, Northern Ireland, have written to the Confederation of Shipbuilding and Engineering Unions to protest at the "undemocratic" way its recent decision was reached.

The confederation upheld the view of workers at C. A. Parsons of Newcastle that GEC should not be allowed to dominate any merged company. The confederation called for substantial National Enterprise Board shareholding to keep control out of GEC's hands.

The Government believes the restructured industry can only be successful in obtaining foreign orders if it is under the control of GEC. Ministers take the view that GEC's management in this field is superior to that of Parsons. The National Enterprise Board has said it does not want to assume control.

GEC unions have underlined their support of the Government line and opposition to their own unions' leaders.

Their letter to the confederation says: "We are not convinced from evidence in other industries that the type of management structure apparently proposed by the confederation and Parsons would enable effective control to be exercised."

They feared political and sectional interests would be lobbied in ways which would be to the detriment of the continuing effectiveness of the industry in the face of increasing industrial competitiveness, and of employment prospects.

"We believe undue weight is being given to the situation in the North-East. As trade unionists we are obviously concerned about the employment prospects of all our fellow workers but not at the expense of our own jobs, about which we are becoming increasingly concerned as a result of the proposals and demands emanating from interests representing the North-East and apparently from the confederation."

A telegram has been sent to all MPs with constituency interests in the industry denying that any order for new turbine generators for a power station at Drax, near Selby, should be put out to competitive tender.

Until recently it has been assumed that the order would automatically be given to Parsons to save jobs in the North East.

Mr. Eric Varley, Industry Secretary, has recently indicated he is prepared to take a tough line by trying to insist on open tendering if the Parsons workers refuse to accept the current merger plans.

# Big drive to stop school meal increase

BY DAVID CHURCHILL, LABOUR STAFF

TRADE UNIONS representing over a quarter of the TUC's total membership yesterday launched a massive publicity campaign against the proposed 10p increase in the price of school meals.

The nine TUC-affiliated unions who have mounted a drive against public expenditure cuts during the past year, together with the National Union of Students, are seeking a million signatures by the middle of next month asking the Government to change its mind.

"In addition, the unions are distributing about 200,000 leaflets spelling out to parents the effects of the increased charges on low-income parents and for jobs.

Union leaders said yesterday that if the Government failed to rescind the increase it would lose their support for any form of new pay deal.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, said: "If the Government goes ahead with price rises under its direct control, it will be very difficult to get a new phase of pay policy."

Mr. Bill Rankin, deputy general secretary of the National and Local Government Officers Association, argued: "Rather than take effective action on prices, including those of school meals, the Government has driven yet another nail into the coffin of the social wage."

Mr. Rankin added that the proposed increase, from 15p to 25p a day, would cost a family with two children £1 a week.

Last year, he said, about ... school-children were not having school meals mainly because their parents could not afford it. The 10p rise was the biggest ever increase in meal charges and the Department of Education estimate of a 5 per cent. drop — about 350,000 children — in the number of children having meals was likely to be an underestimate, he said.

The increase in charges would also mean redundancies for many of the 250,000 workers, mainly women, involved in preparing some 7m. meals a day throughout Britain. Mr. Rankin suggested the effects on employment if the increase went ahead would be "dramatic."

The Labour Party national executive is believed to be considering what action it should take to change the Government's mind, and over 150 MPs have signed a House of Commons motion calling for the increase to be scrapped.

# Air traffic control staff will strike on Sunday

ABOUT 900 air traffic control assistants will start a 24-hour strike on Sunday, it was announced yesterday.

The Civil and Public Services Association said the strike had been called to warn the Government that air traffic control staff expected pay improvements agreed in 1976 to be implemented immediately Stage Two of the pay policy ended on July 31.

"If the Government does not heed this warning further widespread action will be inevitable." A firm agreement was reached in 1976 that control assistants' pay would be improved at the end of pay policy.

The union said it had a written agreement and letter from the previous chairman of the Civil Aviation Authority to this effect, but that the present chairman had failed to give a similar assurance.

The union's annual conference last May voted in favour of this course of action.

# Civil Service unions seek political rights

CIVIL SERVICE union leaders yesterday met the Armitage committee reviewing the political liberties of civil servants to press again for a relaxation of the rules limiting staff involvement in politics.

The unions' oral evidence, expected to be some of the last heard by the committee before it starts drafting its report, follows fears by the unions that the committee could be considering only a slight relaxation of the rules.

Evidence previously presented to the committee by officials from the Inland Revenue and Department of Health and Social Security suggests that few civil servants actually ask permission to take part in politics, either locally or at a national level. But the unions argue that many do not apply for permission because they consider it pointless under the present strict rules which have been in force since 1949.

Pressure for more freedom led to the setting up of a committee last year to review the rules, under the chairmanship of Sir Arthur Armitage.

The unions yesterday repeated their arguments for political restrictions to be limited to the type of work carried out by the servants involved. This would identify more precisely the civil servants, such as those involved in policy areas, who should have their political activities limited. But it would remove the blanket ban on about 1... executive officers and above at present debarred from politics.

The ballot of some 9,0... civil servants, members of the Association of First Division Civil Servants, on whether they should affiliate to the TUC closes to-day. The FDA's conference in May voted overwhelmingly in favour of affiliation, subject to the ballot, but stressed that the union was non-political and favoured a non-political Civil Service. The result will be declared next week.

# Rate rebates for strikers

A COUNCIL is to give strikers up to £9-a-week rent and rate rebates even if their strike is unofficial, it decided yesterday.

Mr. Cyril Jenkins, finance committee chairman of the Ratepayers Association-controlled Afan council, South Wales, said: "We are not concerned whether a dispute is unofficial or official. We will pay the money if a tenant or ratepayer's family is suffering genuine hardship."

# The Property Market

BY QUENTIN GUIRDHAM

## The revenue strength of Land Securities

IT IS tempting to think of the Land Securities valuation as a political one. This is the largest property group in the world, and swings in its adjudged asset values have already caused enough disruption. Property, for once, is out of the political front line, so what more convenient than a conservative view which shows that despite increasing institutional investment property values are not in danger of a sharp rise. A figure which by chance helps to leave the diluted net asset value unchanged is in this respect convenient.

Valuers cannot, of course, take such views, but the figures produced by Knight Frank and Rutley caused surprise to the level of bewilderment in some quarters. Of special interest is the fact that for the first time the valuers were working on an open market, as opposed to willing buyer-willing seller basis, and the valuers' report states that the change made no difference. The old method was usually reckoned to add some small percentage to values, though more probably in the case of secondary properties than in a prime portfolio like Land Securities.

The tone of Lord Samuels report suggests that he, notwithstanding this change, was a little surprised by the figures, hence the explanations about discounts for size, for leaseholds, and for reversionary leases.

But the message of his report, an unusually informative one, is that Land Securities is not the moribund investment giant which some regard it as, but a company which may use the formidable cash flow it will enjoy by the 1980s to look again at development. Already, its dividend is earned after charging all expenses to revenue, something only true last year because of the exceptional ACT credit.

Not liking the long-term finance market, the decision now is to sell further property to repay the disastrous U.S. dollar loan. But the sales for this, and to complete the rump of the present development programme, are no longer excessive. With £63m. cash, another £60m. of sales are required, and half of these are already in train.

The next two years' figures will be much influenced by lettings of the new projects, with £8.9m. of potential rents in schemes to be completed by next March. But it is the £35m. of additional net income coming from reversions and reviews by 1987 which are the main element in forecasting post-tax profits of £20m.-plus by the mid-1980s. The message appears to be that Land Securities will be doing its best to find some relevant way of reinvesting these gains in new property schemes, rather than acting as a passive rent collector. Meanwhile some institutions must look at this portfolio and dream of buying it on an equated yield of 8.66 per cent.

## Gap widens between ED 15 and CCA

The statement from the Accounting Standards Committee this week effectively kills of Exposure Draft 18 even before the majority of the profession almost certainly votes, at a special meeting of the English Institute of Chartered Accountants next week, against the mandatory introduction of any form of Current Cost Accounting.

So it is back to the drawing board, with the risk always that Government, having asked the accountants to produce a scheme, now imposes one of its own. But two or three years could easily elapse before there is any final settlement of the matter. Whatever that settlement is, it appears extremely unlikely that property investment companies will be able to gain the special exemptions to which they feel entitled.

But the immediate problem is, in a sense, even more severe. For ED 18 or no, ED 15, which concerns historic cost accounts, is coming anyway. And ED 15 demands depreciation on buildings without the compensating transfers from revaluation surpluses provided for in ED 18 to make good the decreased revenue due to depreciation charges. There is also the matter of backlog depreciation to be found from revenue reserves.

All major property companies are known to oppose the system. Land Securities' report claimed that, "It is essential that the fundamental differences in the nature of property investment in the U.K. from that in the majority of other countries should be recognised. In recommending the adoption in the U.K. of a standard to align with the International standard on depreciation this distinction is not recognised and the proposals are inappropriate.

"The British Property Federation has been advised by all its major members, including your company, that they would be unable to comply with the U.K. standard for depreciation if it were based on the published International standard."

In other words, "Quality and be damned." But whereas there might have been just a year between ED 15 and introduction of statutory CCA methods, so there would be a year of wholesale qualifications for the property company sector, that gap now stretches to two or three years. What the accountants' attitude will be is an interesting point, though they have been gentlemanly about routine qualifications on deferred and contingent tax liabilities. The Stock Exchange's attitude might also be relevant if, with new issues creeping back into fashion, any new property company wanted to get a quote.

## Mobbs calls for improved development standards

Like Lord Samuel, Nigel Mobbs, chairman of Slough Estates, appears to think it time to speak out more forthrightly about the future, and about some of the warts from the past, in the property market. Addressing a St. Quinton Son and Stanley gathering in the City on Wednesday evening, attacked the part played by some agents in the last boom.

Wild bank lending was only one factor, he said. The bankers' shortcomings were "magnified by the lack of professionalism apparent at the time which produced paper feasibilities of projects which stood up to only the most scanty scrutiny. I do not like criticising individual professions, but I do believe the early 1970s did expose many of the weaknesses of the professional consultant whose responsibility was limited to advice with no risk."

One echo of Land Securities came in when Mobbs said that it was because "the market seemed to be in a state of uncontrol and because large paper profits were being exhibited to all concerned as a result of over-frequent valuations" that the taxation of development values was re-introduced by the Conservative Government.

On the future, Mobb's forecast of a continuing role for property companies, despite the dominant part in both development and investment played by institutions, contained few novelties:

"The advantage of a real estate entrepreneur is that he will recognise and assume the risks where a committee would wish to see greater control and research carried out. A real estate company has the appetite to create investments, it has the experience to manage the investment effectively and it has the expertise to provide a service of advice to the customer who very often has never before been involved in the creation of a new factory. For these reasons I am confident that there is still a role for the property company which is properly managed, which is conservatively financed, which is concerned with the wider issues of its business and which is willing to look forward rather than backwards."

One point not often stressed in the possible role of companies as holders as well as developers of property is Mobbs's reminder that so long as the institutions want only prime properties and the best convenants, there will be a gap in the market for the investment company prepared to hold the premises of medium and small businesses.

But developers would have to perform to higher standards, he claimed: "There is no doubt that because of various factors, the availability of materials, the intervention of the administrators and the simple fact that regardless of what you build you could find tenants in the past, the quality of development in this country is sub-standard when compared with that abroad.

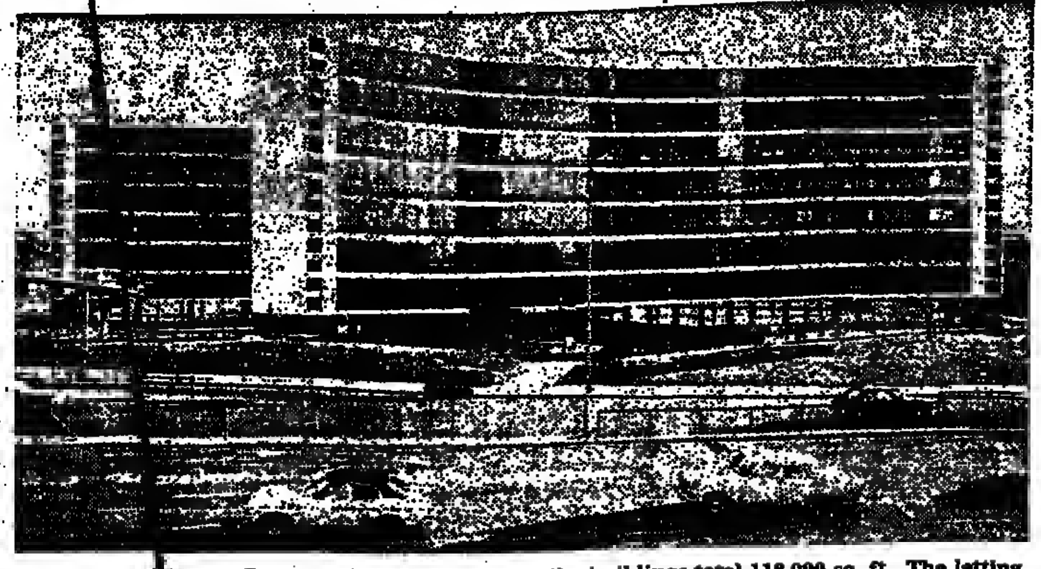
"Property developers are on the whole schizophrenic when it comes to planning. They decry the advantages of intervention whilst at the same time welcoming the scarcity factor which is created by a planning system such as that we have in this country.

"I believe that, as a sector, we do do ourselves a grave disservice if we do not put sufficient quality into the projects with which we are concerned. The long term investment value may suffer because of the early obsolescence created by substandard specifications, and the community as a whole has a justifiable right to criticise the industry for producing drab uninteresting schemes."

What Mobbs finally asked his audience for was a controlled market place where we can iron out the cyclical changes in terms of the prices paid for property." That, and a greater contribution to community aims from future developments were needed "rather than merely creating the paper profits which have been so controversial.

"We must all remember that property provides the security for finance; an unstable market implies an unstable economic scenario."

That instability was recalled in a remarkable mea culpa at the same gathering from Robin Hoyer Millar, a regional general manager from Barclays, who chronicled in gory detail the lapses of clearing bankers in the early 1970s. Their aim now, he said, was "to revert to our traditional role as providers of development finance and to avoid as far as possible any further long term commitments."



Grosvenor Square Property, which took time to let the twin buildings of its Brentfield Development, has six months later sold the investment to the Combined Petroleum Companies Pension Fund. At the junction of the North Circular Road and the Harrow Road in Stonebridge Park, London, N.W.10, the buildings total 118,000 sq. ft. The letting was one of a series in West and North-West London to large U.S.-controlled groups. Sperry Rand took this as the U.K. and European headquarters for the group's computer manufacturing subsidiary, Sperry Univac. Price paid by the fund, advised by Hillier Parker May and Rowden, was above £6.5m.

## OUT AND ABOUT

● Apart from its high gearing, the thing that has depressed British Anzani's shares for the last couple of years has been the number of voids. Letting has been particularly sluggish at both Felixstowe (150,000 square feet) and Sittingbourne (60,000 square feet). But this week the shares bounced up by 50 per cent. (that is to 11p from a mere 7½p). The reason? At a lunch to promote Felixstowe, British Anzani happened to mention that it is busy negotiating the sale of the Sittingbourne offices: the figure in the air is £10m. It seems that the interested party is the Government's Property Services Agency which is on the look out for new Crown Courts and ancillary offices for the district.

But this was not the only support for the shares. The chairman of European Ferries, Keith Wittenden, painted a glowing picture of activity at Felixstowe, together with the plans for doubling throughput at the docks. With between six to 20 firms being turned away at present through lack of port capacity, the new plans should bode well for letting the only new office block which is within spitting distance of the port.

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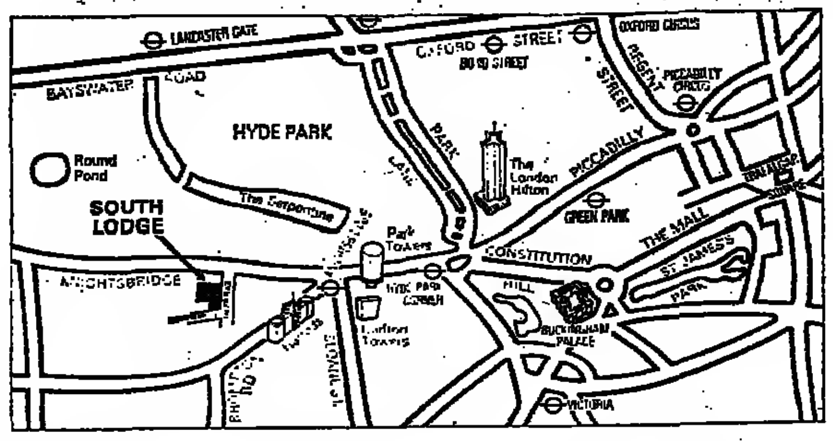


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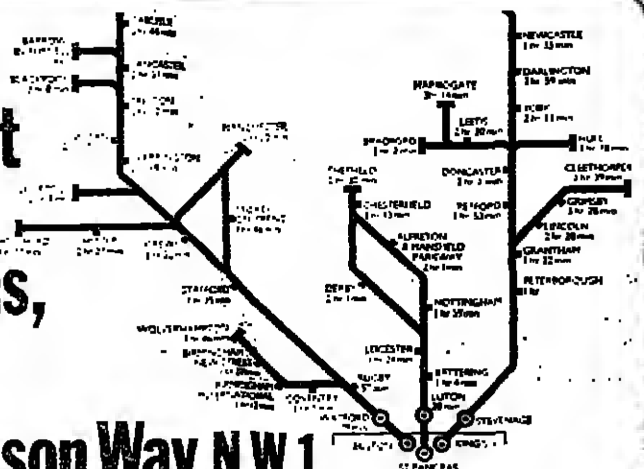

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# The Management Page

EDITED BY CHRISTOPHER LORENZ

Spithead reviews and television soap operas glamorise naval life. **Roy Rogers** examines a less pleasant aspect—discipline at sea.

## How to master a tight ship

ACCORDING TO the old sbanty, seamen who indulged in too mucb liquor were liable to be "put in the scuppers with the hose pipe on them," and at quite an early hour too.

There is no doubt that this, together with far more drastic measures such as flogging, was a common disciplinary practice in the days when British hearts of oak ruled the waves. Then life at sea was indeed harsh and, of necessity, discipline often took the form of beatings, meted out by the mate or the bosun.

But times have changed. Nowadays men go to sea because they want to, not because they have been "recruited" by the infamous press gangs. Over the last 90 years they have been organised into powerful trade unions which have been able to prompt shipowners to adopt more liberal attitudes a little quicker than they otherwise might have done.

As a result pay and conditions for ratings and officers have improved and successive legislation has put disciplinary procedures on a far more humane footing.

But there is general agreement that the existing procedures are indaequate for an industry which, although steeped in tradition, is undergoing considerable technological change. Because of the environment peculiar to shipboard life, increased productivity can also bring greater boredom, which in turn can load more stress on to the disciplinary machinery.

### Docks far from city centres

The trend towards bigger ships has moved docks further and further from city centres. As a result there is often little for the crew to do should they venture ashore, assuming tbey get the option.

Crewmen on the large oil tankers hardly ever set foot on land during their tours of duty—usually of about six months' duration. Tankers seldom enter ports but move between one offshore terminal and another. It is not uncommon for tanker crewmen to remain on board for more than a year at a stretch.

Increasing automation and a tendency for shipping lines to control more and more of the running of their fleets from shore establishments have also tended to make life less demanding, and therefore less interesting, for officers and seamen alike. And it is generally agreed that the boredom that this generates can lead to excessive drinking.

Traditionally seamen have liked their "grog" and drink is often behind many of the problems aboard ship. It is hardly surprising when one considers that prices on board ship are truly duty free—that is less than half the price charged at the so-called "duty free" sbops at airports. A bottle of Scotch at sea costs around £1.40—less than the price of a small beer at most European ports.

The NUS has concentrated its campaign against penal clauses in the Merchant Shipping Act, 1970 which allow ships' masters to levy fines for a whole series of disciplinary offences. This regime does nothing to cure the persistent offender, the NUS has argued, claiming that the more enlightened masters tend not to impose fines.

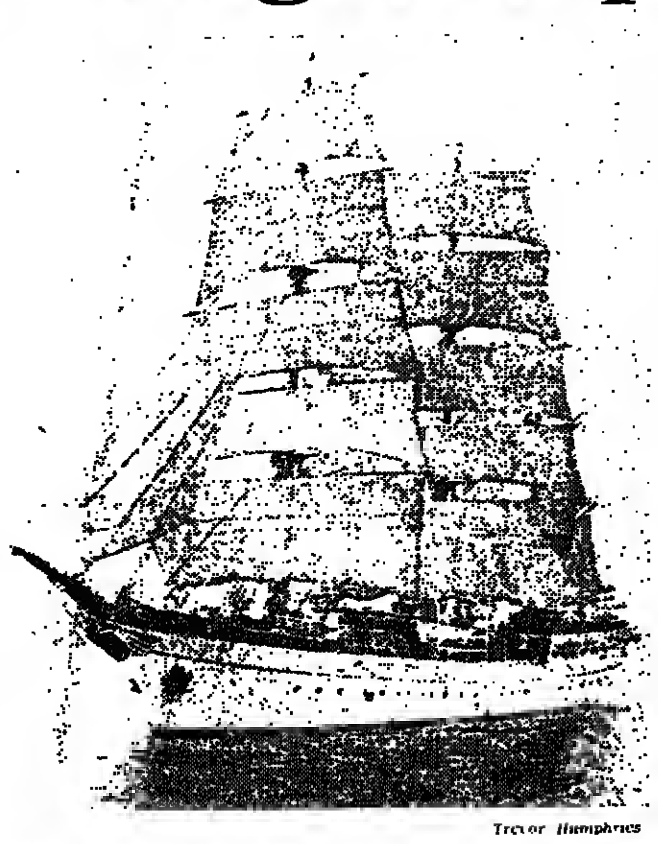
Prolonged discussion between the NUS, the Merchant Navy and Airline Officers Association and the Department of Industry resulted in agreed amendments to the act which included abolition of shipboard fines.

Under the proposed new scheme, masters would instead be given wider powers of discharge abroad with a view to repatriating serious offenders and would be encouraged to use those powers—including a system of recorded warnings and reprimands — in appropriate cases.

These amendments were agreed as long ago as December, 1975, but the Government has so far not found the Parliamentary time to introduce them.

It now seems that legislation may be enacted this autumn. But it could still be the best part of a year before its effects are felt, because the officers' union, the MNAOA, is insisting that a fair proportion of its members should be trained in the operation of the new scheme before it is introduced.

This is a very understandable stance, as many officers are still not convinced of the wisdom of dropping the penal clauses.



Trevor Humphries

In the days of the old tall ships, troublesome seamen were often flogged. To-day, they are more likely to be fined, but the new regulations have come under heavy fire from the seamen.

However, leaders of the two unions and the shipowners feel sure that the doubts will be removed once the proposals are spelt out in detail.

There will probably be a series of one-day courses for senior officers, who would then be expected to relay the information back to their junior colleagues.

The industry is well aware of these difficulties but is currently engaged on a longer-term exercise to find ways of making life at sea more attractive. Shipowners, the seafaring unions, and the Department of Trade are all heavily involved in a £1m. programme designed to improve the seaman's lot, called the "Sealife programme." It has been under way for just over two years and is taking a critical look at such sacred items as the traditional shipboard [illegible] and the advisability of opening up recruitment to a wider range of entrants. Other issues being considered include the establishment of a real career structure for ratings and an assessment of whether ship design can be tailored more to seamen's requirements while still retaining efficiency.

### An autonomous profit centre

Experiments carried out under the Sealife programme and by individual shipping companies all seem to point towards a need for devolution of more responsibility from the shore to the crew, smaller crews with greater flexibility between grades and fewer crew changes between voyages.

A reversal of the previous trend of centralising more and more decision making ashore has already been tried successfully by several Scandinavian shipping companies, including DFDS of Denmark, which has gone as far as making each ship an autonomous profit centre run by a "board" headed by the Master.

A move in this direction would be designed to generate more interest and involvement by the crew in the running of each ship which should then become more efficient. At the same time shore based staff could be reduced.

Examples of responsibilities that could be returned to the ship include scheduling crew holidays, making drydocking arrangements and buying-in ships' stores.

But this approach can only be expected to work effectively if it is linked to ways of making crews more stable. That means revising the traditional pool system under which there are often wholesale crew changes at the end of each voyage.

The philosophy is that a more stable crew would develop loyalty to its ship and would therefore be more willing to participate in a team effort to make its ship more efficient. This could be achieved in part by giving ships' masters scope to hire their own crews and to introduce onboard training programmes.

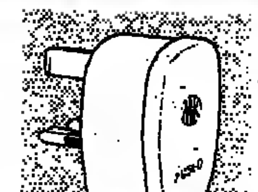
But it is unlikely that the pool system will ever be abolished entirely as there are some ratings, and a lesser number of officers, who prefer the freedom afforded by the casual nature of the system.

Many of this tradition-minded industry's other practices will be difficult to reform. But it seems clear that a wind of change is sweeping through the lifestyle of Britain's 80,000 Merchant Navy officers and ratings.



Tougher leadership and marketing have catapulted household name out of slump, reports **Sue Camero**

## Wired up for exports



THREE YEARS ago MK Electric, makers of wiring accessories such as sockets, plugs and junction boxes, found themselves in sudden trouble.

For years the company had been quietly thriving. It had 60 per cent. of the U.K. market and a steady export business running at 8 per cent. of annual sales. By 1974 it was employing 5,000 people and it had started a gradual build-up of the workforce.

Then came the economic depression and a slump in the construction industry, the chief outlet for MK Electric products. Pre-tax profits fell from £2.5m. in 1973 to £1.7m. in 1974 and finally bit £675,000 in 1975. The company was forced to make 1,200 employees redundant.

Recovery prospects seemed bleak. Mr. Gordon Hazzard, who became managing director of the company in 1974, claims to-day that the new board which took over when the company went public in 1966 had not been sufficiently groomed in top-level policy making. This situation, he hastens to add, was the result of historical accident rather than any innate lack of ability.

It happened because until 1966 MK Electric had been a family owned company where, according to Mr. Hazzard, the proprietors took the lead and made all the major policy decisions.

One way and another, once the recession came, the company's future looked distinctly unpromising. Yet to-day MK Electric seems to be well on the road to recovery. When its latest results were published last week they showed record pre-tax profits of £6m.

MK bases its bid for a return to prosperity on three things—improved management, including more aggressive marketing at home and expansion abroad. In the last three years its most notable achievements have been in the export field.

Mr. Hazzard points out that in the past the company had been happy to do business in Asia, the Middle East and Africa but it never made any extraordinary effort to obtain orders. Instead it relied on the fact that a number of foreign countries always buy U.K. electrical accessories simply because their electrical systems were installed by the British at the time of the Empire and they have observed the British Standard ever since.

A few countries have mixed electrical systems and they buy some British wiring accessories, some from, say, America, and perhaps some from France or Italy. Yet here again, MK had always accepted any orders that came its way without ever really trying to gain a larger slice of the market.

Mr. Hazzard decided the company would have to work harder on its overseas outlets. The big advantage of buying British electrical accessories is that they are made to an extremely high standard. The disadvantage is that they are correspondingly more expensive than their competitors' products.

Yet as far as MK is concerned quality has proved a strong selling point. The company has organised symposia in South East Asia as part of a determined sales campaign and the accent has been on the safety, reliability and appearance of its goods. As a result its exports have jumped from 8 per cent. to 20 per cent. of sales and it has now set up its own manufacturing plant in Singapore. Another factory is to be opened soon in Kuwait and there are longer term plans to establish a plant in Africa—possibly in Nigeria.

### Back all horses in the race

It is expected that an International Standard for electrical accessories will soon be accepted—though probably not enforced — by a number of governments. British and foreign. MK is planning to make products to the new International Standard as soon as the U.K. Government has given it its blessing. And Mr. Hazzard says this should further increase the company's exports.

For it is thought that most countries will eventually go over to an International Standard and MK hopes to beat the field simply by getting in first and following an aggressive International Standard marketing policy. At the same time it intends to go on exploiting the existing market for British Standard products. Mr. Hazzard comments that "this is one race where we can back all the horses."

In addition to this, MK Electric hopes to benefit from a deal it has done with the huge Siemens group of Munich. The two organisations have agreed to co-operate over the design and technical development of certain products. Even more important, there is to be a commercial liaison between MK and Siemens, which is trying to build up a major position in the British market.

MK Electric's managing director, Mr. Gordon Hazzard.

Under the agreement, which is expected to come into operation at the beginning of 1978, MK will market certain Siemens products in the U.K. and in certain other areas. In return Siemens will market some MK lines, particularly in relation to major projects in countries where British standard accessories are required.

Meanwhile, at home, MK has been rationalising and revamping its product range. Over the last few years it has ceased production of nearly 150 items that were not paying their way — many of them specialised things that had been originally designed for a limited number of customers.

The company has also started making a number of consumer orientated products such as dimmer devices and chrome or brass switches. In the past, one lightswitch always looked much like another but MK is starting to persuade people to start thinking of switches and other electrical accessories as one of the design features of a room.

In accordance with this [...] outlook MK has expanded [...] design team and built up a s[...] able marketing organisat[...] Engineers have been added [...] the design team—the aim be[...] that they can work out som[...] the technical details and le[...] the creative people more t[...] to come up with new ideas. [...] the same time the marke[...] department has been allowe[...] grow from a handful [...] people to a staff of over 10[...] only 18 months.

Under Mr. Hazzard's di[...]tion the company has [...] moved some way to cut cost[...] undertaking a value analysi[...] certain of its products. It fo[...] it was being overgenerous [...] the use of some materials, s[...] as copper, and has there[...] cut down. Mr. Hazzard in[...] that this has not led to [...] "serious reduction" in [...] quality of MK goods.

### Expedient of more meeting[s]

He adds that since the [...]pany's crisis in 1974-75, [...] directors have become m[...] experienced and more effe[...] with their policy decisions. [...] claims this change has [...] achieved by the simple ex[...] ent of calling for more direc[...] meetings and forcing peopl[...] practise the art of comp[...] level decision-taking. Only [...] new directors have joined [...] since 1974 and both of them [...] specialists—one in finance [...] the other in marketing. On [...] other hand Mr. Hazzard's on [...] job training scheme bas ha[...] casualties. Several of [...] could not—or could n[...] accept the new order [...] quietly resigned.

It is clear that MK has [...] considerable and seemi[...] successful efforts to sort ou[...] problems during the last t[...] years.

One reason for its recove[...] that it has taken the opportu[...] to exploit markets that ever[...] else has apparently allowe[...] lie fallow. Whether [...] petitors—especially for[...] competitors—will continue [...] take this obligingly lai[...] faire attitude remains to [...] seen. The chances are that [...] will not. And that will be [...] time when MK's new-fo[...] strength will really be pu[...] the test.

## Business books

The Management of Motivation and Remuneration, by D. A. Whitmore and J. Ibbetson. Business Books. Price: £8.50. This book endeavours to bring together material to provide a comprehensive coverage of topics connected with remuneration.

Sales' The Law Relating to Bankruptcy, Liquidation and Receiverships, by J. H. Thompson. Macdonald and Evans. Price: £4.50. This new edition aims to give an up-to-date survey of the field of insolvency law.

Key to Income Tax, by J. M. Cooper FCCA and Percy F. Hughes. Taxation Publishing Company. Price: £4.25. This book gives information about changes in practice and Revenue concessions.

Innovation, by William Kingston. John Calder. Price: £5.95. The book puts forward the thesis that much of the present crisis in the British economy is caused by a lack of understanding of the role of innovation and organised thinking in our society.

Interbrand Choice, Strategy and Bilateral Market Power, by Michael E. Porter. Harvard Economic Studies. Price: £10.15. This book looks at the bargaining relationship between manufacturers and retailers; suggests a new way of analysing industry competition; and presents a theory of what information a buyer seeks about a product in relation to what a seller will provide.





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FRIDAY, JULY 1, 1977

# The Nine out of step

THE NINE have once again demonstrated how much easier they find it to agree on broad issues of foreign policy than on pressing internal or economic problems. Most of the London meeting of Heads of Government that ended yesterday was, in the words of one participant, "unimpressive." But Wednesday's declaration on the Middle East represented a major diplomatic advance. Despite insistence by British and Dutch Ministers that the declaration involves little real change in the Nine's attitude, the acceptance of the concept of a "homeland" for the Palestinians represents an important concession to the Arab point of view. The dismayed reaction in Israel should be clear enough proof of that.

*Washington*

At the same time, the Nine's new position puts the Community closer to Washington on the Middle East than it has been for a long time. President Valéry Giscard d'Estaing may argue that the Nine's statement was a French initiative that had nothing to do with the U.S., but the fact of the matter is that it was worked out in close consultation with the Americans and closely mirrors the Carter Administration's statement earlier this week.

It is, of course, easier to adopt the general idea of a "homeland" for the Palestinians than to define what it means politically and geographically and the Nine have not attempted to do so. It is equally true that Washington has more influence in Israel than the Europeans. But the concerted response to the establishment of the new Israeli Government underlines the seriousness with which the West as a whole is now taking the threat of a new war in the Middle East and its readiness to step up the pressure on Jerusalem. There is probably no direct link, as Chancellor Helmut Schmidt has suggested, between the Nine's declaration and the decision by the majority of OPEC countries not to raise oil prices. But the declaration is further proof, if it were needed, of the West's overall appreciation of the wisdom of staying on good terms with the Arab oil producers.

The Nine, unfortunately, showed far less appreciation of the importance to the West of a strong, unified European Community. The only concrete decision taken in London was approval of a capital increase for the European Investment Bank. The summit proved incapable of settling the thorny issue of the siting of the JET thermonuclear fusion rig—just the sort of problem that Heads of Government ought to be able to sort out over dinner.

Judging by Mr. Callaghan's remarks at the final Press conference, it now looks as if the JET may become an inter-Governmental rather than a Community project. The summit, it is often claimed, is not necessarily meant to take decisions. But it clearly must if nobody else is capable of doing so.

Even more alarming are the signs of a more inward-looking approach to major issues. The final communique, watered down at French insistence, contained a much weaker commitment to free trade than in the past and Mr. Callaghan spoke of the need for protection of sensitive industrial sectors. Herr Schmidt made the astonishing proposal that new Mediterranean members of the Community might not be allowed to benefit from the Rome Treaty's free movement of labour provisions, hitherto regarded as one of the cornerstones of European integration. He seemed to be suggesting that Greece, Portugal and Spain should be members in little more than name.

*Democracies*

The Nine are facing a major dilemma. If they let the Mediterranean countries in, they will almost inevitably have to abandon all hope of constructing a closely knit, integrated Community. If they reject the applicants, they will confirm charges that the EEC is a rich man's club, and, worse still, deprive the new Mediterranean democracies of the political support they are counting on from full membership. The Nine have been appallingly slow to concentrate their minds on the problem. The creation of a new class of second-class members cannot be an acceptable long-term answer.

# Steadying the flow of mortgages

IN THE whole the understanding reached by the building societies and the government two years ago on ways of bringing about a measure of stability in the flow of mortgage funds seems so far to have been working reasonably well. During the greater part of 1975 and the early months of 1976, when interest rates generally were falling, the societies used part of the funds coming in from investors to build up their liquid reserves. When the trend of interest rates started to move up again in the spring of last year, they had about 22 per cent. of their total assets in liquid funds or about 6-7 per cent. above the level they generally regard as normal for operating purposes. These extra reserves enabled the movement to maintain new mortgage commitments at an average rate of about £500m. a month in the second half of the year, barely £50m. a month less than in the first half, without having to change their own rates until quite late in the year when market rates had again risen sharply against them.

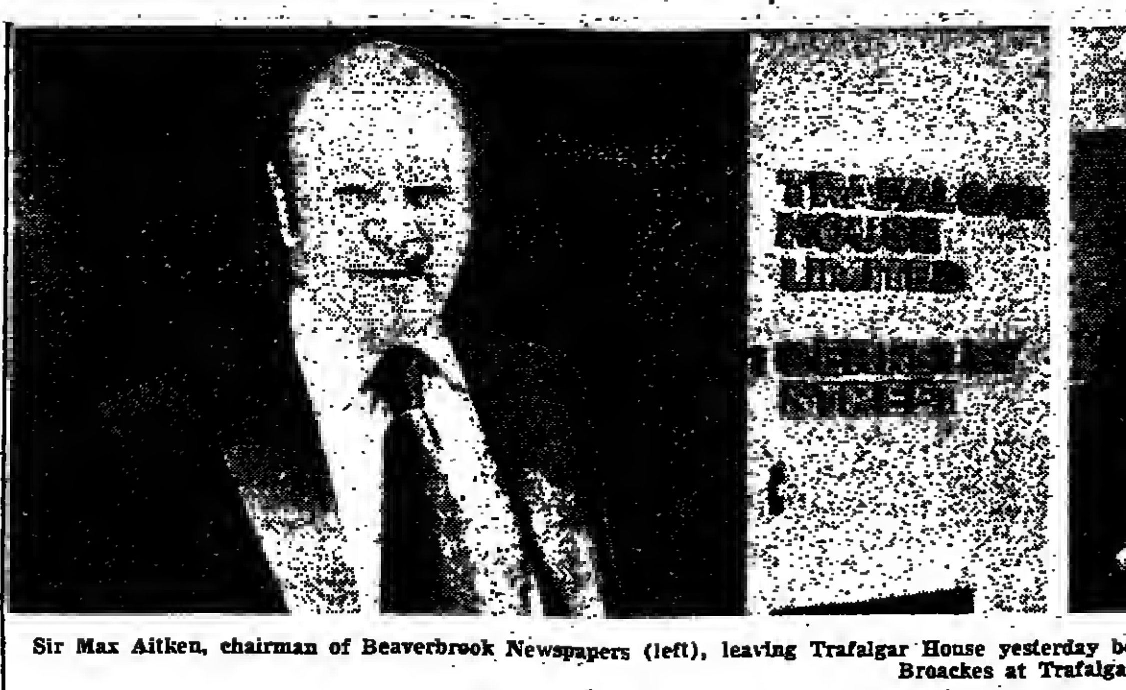
*Flexible link*

In this week's housing Green Paper the Government acknowledges this measure of success but it also suggests that more could be done and makes several proposals to this end. It suggests, first of all, that building societies should consider building up their liquidity ratios when interest rates move in their favour to levels greater than 22 per cent. Secondly, it says they should adopt a more flexible relationship between the rate they pay to investors, which the Government suggests should be changed in line with the market, and the rate paid by mortgage holders, which should be varied much less frequently, and even out the "gains" and "losses" taking one year with another. Thirdly, societies should be ready to raise short-term funds on the market to tide over the occasions when market rates rise suddenly. To help build up liquidity ratios, the Government would be prepared to accept funds from the building societies in the National Loans Fund at rates which would not involve them in a loss (in other words, at rates above the market). At the other end of the cycle, the Government might—on the rare occasion—consider providing a short-term bridging loan as in 1974.

*Worth exploring*

Many building society leaders are only too willing to be more flexible, but they will want to look very cautiously at these proposals, none of which are really new. In principle, they may not object to a greater variation in liquidity ratios — at least on the upside — particularly if it is possible to re-invest surplus funds without the risk of loss. But Governments are unlikely to make exceptions to their demand management policies without imposing strings and, as the movement has seen in the past, politicians' attitudes to mortgage rates are not always governed by altruistic motives. This caveat is even more applicable to the idea of a varying link between mortgage and deposit rates.

There is certainly a case for reviewing building society practices in the light of the greater volatility in market rates which has developed in recent years. But the politicians cannot expect to help sustain the flow of funds for new borrowers and shield existing borrowers all at the same time, nor is it realistic to try to insulate the private housing market completely from external economic events. The idea of tapping longer-term funds from other institutions is always worth exploring, and so is the idea of the building societies considering adopting contractual and administrative methods for handling borrowers' accounts similar to those practised by the banks with overdrafts. But the search for ways of providing even greater stability in the flow of mortgages will not be an easy one.



Ashley Ashwood

Sir Max Aitken, chairman of Beaverbrook Newspapers (left), leaving Trafalgar House yesterday before the key trustees' meeting, and later (right) Mr. Victor Matthews and Mr. Nigel Broackes at Trafalgar House.

# Trafalgar for Beaverbrook

By RICHARD LAMBERT and PETER RIDDELL

"THE easy way to make the Daily Express more popular would be to have more porn and racing, but that is not the way for the Express. It should be a family newspaper with a policy of putting Britain first. It is very important in the present state of the country that the Beaverbrook papers should continue and express their views which are sympathetic to those of the Conservative Party and of capitalism."

These were the thoughts of Mr. Victor Matthews, the managing director of Trafalgar House, as he waited late yesterday morning with Mr. Nigel Broackes, the chairman of this property, construction, shipping and hotels group, for the result of the key meeting of the Beaverbrook trustees.

If Trafalgar wins control of Beaverbrook it will keep all three papers going—the Daily and Sunday Express and the Evening Standard. Mr. Matthews says his attention will be concentrated on the Daily since the Sunday is obviously appealing to the public and making a lot of money while the Evening Standard is by far the best evening paper. However, he believes that the Daily Express, which he buys with the Financial Times, The Times, Daily Mirror and Sporting Life, has lost its way and is not as interesting as it was. Mr. Broackes still likes the Osbert Lancaster cartoon though.

## Clear view of the future

Both men have a clear view of the character of the future Daily Express. Within the label of a family newspaper Mr. Matthews sees a reflection of the values and aspirations which have taken him to the top—and which were, incidentally, also shared by the first Lord Beaverbrook. Mr. Matthews, who is now 57 and did not start out independently on his own in business till he was 40, says: "If someone with an ordinary background like mine can get to the top of a large organisation, anyone can, and there is not too much wrong with a country where this can happen. I am a classic case of equal opportunity."

The values of the self-made businessman are linked to a strong patriotism. Mr. Matthews would not have published the British Leyland bribery story first since it was harmful to Britain's interests, he says. But he would have allowed the story to be followed up in the Express if another paper had it first (as was the case). He believes the Express should print a "lot more success stories about companies, showing a lot more good things such as the hard work of management." He dismisses the Bullock proposals on worker directors, saying that most boardrooms are full of workers who have moved up a company.

Neither Mr. Broackes nor Mr. Matthews talks in specifically political terms about Beaverbrook but their political sympathies are clearly on the Tory side. Trafalgar House has given £25,000 to the Conservative Party which Mr. Broackes claims is to "ensure that we have a viable Opposition." Victor Matthews himself recently resigned from the National Liberal Club because he believed it was wrong for the Liberals to keep the Government in power when it had lost the confidence of the people. Both men are also firmly in favour of Britain remaining in the Common Market. Trafalgar gave £10,000 to the pro-EEC campaign before the national referendum two years ago.

On the financial aspects of the bid Mr. Broackes and Mr. Matthews stressed the point that the purchase of Beaverbrook is not a particularly large deal in the context of a group of Trafalgar's size—gross assets of well over £400m., turnover last year of nearly £450m., net assets of nearly £100m. And they pointed out that the group has plenty of experience of taking over sizeable companies which, for one reason or another, have run into trouble.

The example most frequently cited is the acquisition of Cunard six years ago which, they claimed, faced a number of problems very similar to those currently weighing down Beaverbrook. These included management, financial controls, marketing, and relations with the unions.

"There were a lot of big names on the Board," according to Mr. Matthews, "but some of them were not managers as I understand it. We have often found in the past that the management is there in a company which we acquire, but it has to be found and allowed to express itself." In the case of Cunard, Trafalgar removed virtually the top layer of control and got to the managers at operating level.

## Financial controls

Next, Trafalgar introduced its own system of financial controls. Cunard obviously already had its own methods of monitoring its performance—but "they were management consultant systems: they looked good on paper, but they did not work very well." For example, costs were apparently not broken down to the level of each individual ship.

Although Cunard was a large force in the shipping industry, with capital employed of nearly £100m., it had lost money in three out of the five years before acquisition. Radical decisions had to be made about the trades which were losing money—but at the same time the workforce had to be convinced that Cunard was not simply going to be run down.

According to Mr. Matthews, the previous chairman of Cunard had not had a major meeting with the unions for five years. "Our first meeting lasted five hours. I think I can say I have an extremely friendly relationship with the unions. They recognised that I wanted to create more ships, that although we had to streamline the operations nevertheless we planned to invest."

Something like 15 or 16 ships were sold off. But over the period since the acquisition, Trafalgar together with its associates have put £120m. of new money into the fleet.

In the case of Beaverbrook Mr. Matthews suggested, the product was more of a challenge than any need for redundancies. Similarly, one of Cunard's most pressing problems had been to do with marketing—for the Daily Express, read the QE2.

Cunard, which was bought partly for shares and partly for unsecured loan stock, has clearly justified its acquisition. It substantially strengthened the group's balance sheet ahead of the financial crash of 1974. It has successfully steered clear of large oil tankers and bulk carriers, which are currently in a state of acute depression. And it represents a major part of the group's profit and loss account.

Even if everything goes right for Beaverbrook, it will never achieve this kind of significance for Trafalgar House. However, Mr. Matthews emphasised yesterday that "I am looking to make this a very good investment for Trafalgar House. If I don't do that, I've failed."

He was not prepared to go quite as far as Nigel Broackes, who suggested that the bid could be justifying itself in financial terms by next spring. But he did hope that a year hence it would be seen that the business was at least moving along the right course.

It is clear that financial considerations are of secondary importance. Three successful entrepreneurial groups—those run by Sir Jimmy Goldsmith, Mr. "Tiny" Rowlands, and Nigel Broackes and Victor Matthews—have all shown an interest in taking control of part or all of Beaverbrook. Mr. Broackes said yesterday it was a coincidence that three groups which had expanded through a series of large takeovers during the 1970s should all be interested in an ailing newspaper business at the same time.

However, the bid is also clearly seen as a personal challenge to Mr. Matthews who will be primarily responsible for the day-to-day running of Beaverbrook if the offer is successful. Although the bid is dismissed as relatively small for Trafalgar, he will be spending at least half his time on Beaverbrook in the early stages. There are no immediate plans to put in new money—"this will not happen until I am satisfied this is vital and correct." But the problems of Beaverbrook are not going to be solved just by better financial controls.

At present Mr. Matthews has not formed any final views about individuals in the top management of Beaverbrook although he believes that some might benefit from the guidance of "someone who is a bit older and has been about a bit longer."

Mr. Matthews and Mr. Broackes themselves are 15 years apart and according to Mr. Broackes this gap along with differences in education, tastes and hobbies has helped to build up the group—if the two men had been identical they would have fallen out a long time ago. Mr. Broackes said they think along different routes but usually arrive at the same conclusion.

## Radical change

In financial terms, Trafalgar is moving into a new phase of its development. Its expansion to date has been financed to a large extent by debt, with the result that its borrowings at the end of last year amounted to some £230m. But as a result strong cash flow and rising p fits, the existing group's d at the end of 1981 is expect to have fallen by £180m.

As a result of this radi change in its balance sh structure, Mr. Broackes and Matthews reckon to have "exceptional degree of choic when it comes to assessing n takeover opportunities

Both men are very differ from other Press "Barons," til now their closest conecti with newspapers has been contractors for the new Da Express building in Fleet Stre Nigel Broackes projects the age of the gentleman busine man with his Stowe and Huss background though both his a his shareholders' fortunes w built on shrewd property de ing and developing. Matthews — local element school and Able Seaman— been a builder all his life, ting up on his own with a c struction company in Brix before linking with Mr. Broac in 1963-64 Mr. Matthews has ready made the transit from AB to become c modore of a major shipp line so perhaps newspap are not such a big jump af that.

But Trafalgar's freedom manoeuvre at Beaverbrook not be nearly as large as w any of its other acquisitio partly because of the ne papers' stronger trade un structure. For instance, Matthews admitted that would not be completely fre transfer staff from the unionised head office of Trafalgar group—opposite Ritz Hotel, its last m acquisition—to Fleet Street.

Beaverbrook is seen as basis of a wholly separate d sion within the group concern with the publication and seminatlon of information. far the prospective investm is roughly equivalent to the c of a single refrigerated fr carrier—of which the compa has 10—but then as Matthews recognised yester no fruit carrier employs 7, people.

# MEN AND MATTERS

### Goodbye to all that

The lights went out at Lancaster House yesterday: we shall not see them lit again for some time. The great men of Europe slipped away back to their various capitals, the Press went back to their typewriters and Prime Minister James Callaghan, after six months as host extraordinaire to leaders of the West, the Commonwealth and the European Community, bade his guests farewell. He then spoke on behalf of the departed at the Press conference to conclude the European Council meeting before leaving himself to prepare for question time in the Commons.

So, after six months which rekindled at least partial memories of past grandeur, London returns to its infinitely more humdrum role as capital of an off-shore island.

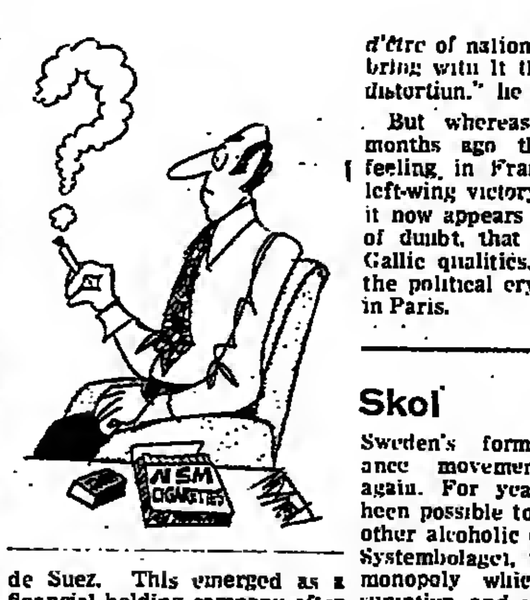
By and large however a good time has been had by all these past six months and the Prime Minister looked suitably pleased with himself at the end of what must have been a period of considerable strain as summit after summit coincided with an increasingly shaky political situation back home.

He looked decidedly more cheerful answering questions with deft professionalism than a tired and tired looking Roy Jenkins.

In the cold light of day the previous night's declaration on the Middle East started to look considerably less substantial than the night before and indeed Callaghan went out of his way to discourage those searching for a significant new departure, rather than a carefully worded statement summing up positions already established. The West German Chancellor Schmidt however did obliquely hint later that the latest OPEC decision to peg the oil price was related to the statement.

Be that as it may it was Britain's own oil and gas which allowed Callaghan to finish his Press conference on a distinctly optimistic note. In what sounded very much like an updated version of the immortal Harold Macmillan phrase "You've never had it so good," projected into the future, the Prime Minister allowed himself to wax lyrical on the end of a 30-year era of growth frustrated by balance of payments constraints. A new cycle of historically high growth was on the horizon, he insisted.

It sounded suspiciously like an attempt to promote London as the venue of the next OPEC conference. I can see the publicity brochure now—elegant surroundings, fully equipped Press centre, experienced master of ceremonies ...




### West of Suez

It would be difficult to find a bank whose name more clearly encapsulates both the international nature of the City and the changing nature of the world around it than that of Banque de l'Indochine et de Suez. It is to be found appropriately enough opposite Palmerston House on Bishopsgate in a part of the City which positively teems with imperial reminders.

The old Banque de l'Indochine, which merged with the Banque de Suez et de l'Union des Mines, two years ago, used to be the currency issuing bank for French controlled Indochina.

Those days have of course long gone with the wind as indeed have the days when Britain and France controlled the Suez Canal, whose name now graces not only the Banque de l'Indochine but also its sister bank, Banque de Suez U.K. Ltd. and the parent company of them both, the Compagnie Financière de Suez. This emerged as a financial holding company after nationalisation of the French and British interests in the Suez Canal by Colonel Nasser in 1956.

Yesterday Michel Caplain, chairman and general manager of the Compagnie Financière flew into London to announce a merger between the two London arms—Banque de l'Indochine et de Suez and Banque de Suez U.K., both of which have operated in the City for decades.

Having built up the Compagnie Financière into one of France's most powerful private financial groups over the past 20 years he seemed just the man to ask whether, having survived nationalisation of the Suez Canal, he faced with equanimity the prospect of a further wave of nationalisation should the united left take power in France at the next elections.

"If the group had not been private it would never have been formed in the first place. If the state nationalised a group like ours it could carry on with the day-to-day administration, but substituting political for economic criteria—and, after all, that can be the only *raison d'être* of nationalisation—would bring with it the risk of grave distortion," he replied.

But whereas two or three months ago the predominant feeling in France was that a left-wing victory was inevitable it now appears that an element of doubt, that quintessence of Gallic qualities, has crept into the political crystal ball gazing in Paris.

### Skol

Sweden's formidable temperance movement has struck again. For years it has only been possible to buy spirits and other alcoholic drinks from the Systembolaget, the state liquor monopoly which rations consumption and imposes massive taxes. Until yesterday however it was still possible to buy "middle strength beer" at supermarkets.

In the face of rising teenage drunkenness, however, even beer sales have now been banned.

In its place a new weak beer called Folkets Öl, literally Peoples Beer, has been introduced. The people are not amused.

### Growth industry

Fresh from the City desk comes this encouraging report from the chairman of the London Cremation Company. The number of cremations has been sustained and earnings have risen over the first two months of the financial year. The board promises to do everything in their power to ensure that the present improvement is maintained, he added. You have been warned.

*Observer*



هكذا من الأصل

BY DAVID WATT

# Much Ado Against Europe

IT SEEMS to be generally agreed that the British Presidency of the EEC's Council of Ministers has been a pretty patchy affair, containing one or two bright spots of a technical kind, but meriting, as a whole, no higher than a B-minus. The commentators are equally unanimous, moreover, that the main problem has been the British Government's determination to protect itself from domestic criticism, particularly within the Labour Party. Mr. Callaghan has admittedly been no Eurofanatic from the outset, and Dr. David Owen's discovery of the joys of national sovereignty has been remarkably rapid. But I suspect that neither they nor their anti-Market colleagues (such as Mr. Michael Foot, Mr. Peter Shore and Mr. Anthony Wedgwood Benn), would have handled their relations with the Community as they have, if they had not been conscious, where Europe is concerned, of a rising undertone of hostility in the EEC in Britain during the six months of the Presidency.

The origins and extent of this hostility I have discussed before. But another reading on the temperature chart was provided last night by a Gallup poll conducted for the "Tonight" programme on BBC television. It showed that in a referendum on withdrawal from the Community to-day 47 per cent would favour coming out, and 38 per cent staying in, the rest being "don't knows."

What is particularly worrying about this survey is its finding on changes of mind since the referendum two years ago. Of those who had voted in the referendum, 43 per cent were now in favour of staying in as against 47 per cent in favour of coming out. In comparison with the claim of those same people to have voted 63 per cent for staying in and 37 per cent for coming out in the 1975 referendum, this represents an unpleasant turn-around. To some extent it justifies the present sharp revival in the activity and hopes of the anti-Market faction.

Yet any serious analysis of the situation shows that the anti-Marketeers have very severe problems to overcome; and before Britain's partners start getting the wind up, it may be worth trying to look at the scene from the anti-Market side of the hill. It is not, in fact, a very inviting prospect.

Let us begin with the 62 MPs who took an advertisement in Labour Weekly last week stating that "membership of the Common Market has been an unmitigated disaster for the British people," and calling on the Labour movement to commit itself to taking Britain out. The vast majority of the names belong to the left wing of the Labour Party and moderates (on other questions) like Mr. Douglas Jay and two or three others stick out like sore thumbs.

Why is this? The answer is simply that the left wing, while it has perfectly good doctrinal reasons for disliking the Common Market, is primarily motivated by the desire to use the issue, as it did before, as a stick with which to beat the Right, and as a means of radicalising the Party. But this is precisely what a solid block of opinion—even anti-Market opinion—in the centre is determined to avoid.

The experience of 1970-75 has been seared deeply into the minds of many party stalwarts, most of all in the trade unions, and having seen the party rescued from that morass by means of the referendum they are not prepared to allow it to slip back as a result of a new doctrinal split. In their words an attempt to commit Labour formally to taking Britain out of the EEC would shatter party unity once more, and while this is what the Left may want, it is not what most of the party wants. Labour is hostile to the EEC, but the most powerful union leaders are unlikely to let their hostility override these wider considerations.

If I am right about this, we may predict a great deal of noise at the Labour Party conference this October from left wing constituency delegates and possibly from one or two trade union leaders like Mr. Clive Jenkins. But it should not be too difficult to prevent a stampede in favour of complete withdrawal. I suspect that most left wing strategists recognise this fact and are putting up "withdrawal" as a high opening bid.

What they have some realistic chance of achieving, then, must be calculated on a lower scale. Their first objective is undoubtedly to scupper the European Elections Bill. But here, too, they are badly hampered by the fear of being branded as the people who brought down the Labour Government. This fear has already obliged the anti-Market members of the Cabinet to let the Bill go forward, for they knew that if they did not, the Lib-Lab pact would collapse. By the same token, the rank and file in Parliament will presumably filibuster for a long time. But if it ever looks as if the Government's credibility is completely collapsing under the strain, it may well be possible for Mr. Callaghan in the end to get something through—even if it is only at the expense of jettisoning proportional representation.

We therefore move back to the next anti-Market redoubt—the actual conduct of direct elections if they come. Why not, say some of the anti-Marketeers, use the first direct election as a kind of referendum? We do not yet know how Labour candidates will be chosen either for the regional lists or as single candidates in super-constituencies; but if the Labour Party can be got to adopt an anti-European Parliament platform, might not Labour sweep the board with a slate of candidates actually committed to destroying the institution they have been elected to?

One has only to set this barmy proposal down on paper to see how impossible it is. Is it really supposed that the public is going to vote in such a paradoxical way? And could there be a better recipe for ensuring a long-lasting split in the party than a strategy which practically forced the pro-Marketeers to put up rival "Labour" candidates at a national election?

To the Labour opponent of the EEC all this is very frustrating. But the Conservative anti-Marketeer is in even more of a fix. As Mrs. Thatcher (perhaps rather recklessly) remarked the other day, the Conservative Party is the Euro-Party. A few licensed anti-Marketeers of long standing, like Mr. Neil Marten, are tolerated and of course presumably European enthusiasm is expected to be suitably toned down where (as in the case of direct elections) a little judicious modification will land the Government in the soup. But the fact is that any Right winger who feels himself overcome by anti-Market scruples, is obliged to take himself off to the National Front for comfort.

What, then, is left? Only Parliamentary obstruction really offers much scope—and it is the possibility of increased activity here that ought to be most worrying to anyone who is concerned at the quality of Britain's contribution to the EEC. The trouble is that the present situation is extremely unsatisfactory, and pro-Market MPs and officials who are aware of this fact, yet do not know what to do about it, are therefore placed on the defensive. The House of Commons is clearly incapable of examining adequately the mass of directives and regulations proposed by the European Commission every year, but every attempt to institute more thorough scrutiny exposes fresh difficulties and anomalies.

Under the present system, all draft Community instruments are submitted to a scrutiny committee which decides which are sufficiently important to be debated on the floor of the House. But the committee sends down perhaps 150 topics out of 700 during a session. If they are taken late at night, nobody turns up and, if at other times, they clutter up the Government's business. Again it is not easy to determine the status of these debates which are mostly on a motion to "take note." How far do they bind ministers in negotiations, and how much are they simply advisory?

The House of Lords, which has a parallel system, has coped with the problem by being far more selective in the choice of Community directives and regulations which it designates as important, and then by examining and debating those it does consider important in a leisurely and thorough fashion. The results and the informal persuasive effect on the British bureaucracy, are impressive. But it is fruitless to suppose that the Commons will adopt anything so sensible. They do not have MPs with the time and interest to master the details; and the fact that the anti-Marketeers are in considerable force in the scrutiny committee and elsewhere, means that agreement cannot be reached on anything — except the bare fact that such and such a topic is important.

All this offers very considerable opportunities to the anti-Market faction. We must, they say, end this intolerable situation in which Ministers are allowed to agree to God knows what in Brussels after only the most perfunctory debate at Westminster when everyone has gone home to bed. Let us devote more time to these discussions. Let us make their results binding on ministers in negotiation. And after the directive has been agreed in Brussels let us demand that it cannot become British law until a resolution of the House of Commons has been passed.

These demands are intended to put the authorities on the rack. They cannot accede to them without putting an intolerable strain on the government's timetable or making negotiation impossible, in the last case, actually amending the Treaty of Accession. But if they refuse, then tension and dissatisfaction, and anti-Market feeling increase. Mr. Michael Foot, who is both a convinced anti-Marketeer and a hard-pressed Government business manager will undoubtedly prefer to be impaled on the second prong of the fork.

Pro-Marketeers in the Government must recognise that they are in a serious difficulty. They cannot even argue freely, as they should, that the logical answer to these difficulties is to increase the power of European Parliament. Just the sam[e] one cannot help thinking th[at] all this is, comparatively spea[king], poor consolation for th[e] anti-Market faction. They c[an] prevent the system working ve[ry] well, but I doubt whether th[ey] can abolish it.

Terry Kirk

Mr. Michael Foot

## Letters to the Editor

### No offshore seat

*From The Managing Director, Premier Consolidated Oilfields.*

Sir,—Your Energy Correspondent quite rightly emphasises the absence of a seat for the offshore oil industry in his report (June 29) of the Energy Secretary's announcement of the 22-man energy commission. Six of the seven "representatives of the energy industries" are nominees of nationalised bodies, seven are TUC appointees and seven, unnamed, "representatives of consumer interests." The seventh energy representative as you state is largely concerned with downstream activities. It would not take many hours of computer time for a statistical genius to unravel the political bias which this mix will provide in its "helpful co-ordination" and "advice on development of a strategy."

It is ironic that the Energy Secretary's refusal to seat the United Kingdom Offshore Operators Association on the commission (or even the all-British independent group—BRINDEX) comes the same day as the announcement that offshore oilfields producing 836,417 barrels a day now meet half the country's oil requirements.

Roland C. Shaw.
*23, Lower Belgrave Street, S.W.1.*

### Builders and performance

*From the Director-General, National House-Building Council.*

Sir,—May I assure Mr. Brooks (June 25) that no one in the National House-Building Council remotely holds the views which he attributes to us. We stand for the concept that free enterprise should be responsible for its performance and pay for its own mistakes without either Government intervention or money. NHBC is only an instrument for achieving this.

It is, however, not quite true that NHBC is paid for by "private house builders alone" or that "the funds ultimately come from the house purchasers themselves." Until recently, cumulative claims since 1965 have exceeded cumulative earned premium by an amount sufficient to pay all NHBC staff salaries, without a penny from Mr. Brooks or any other builder. The contribution of the insurance industry must, therefore, not be overlooked.

A. W. Tait.
*58, Portland Place, W.1.*

### Luncheon vouchers

*From Mr. J. Heyer.*

Sir,—I should like to add my comments to the findings of the third Alfred Marks review on fringe benefits and in particular to the fact that we need a 50p luncheon voucher deal, as reported on June 23 by Christopher Dunn.

The House of Commons Catering Committee published accounts for 1976 showing that MPs are getting what are in effect luncheon vouchers valued at more than £1.60 a day at the tax payers' expense.

We are allowed to give our staff, at our expense, only 15p a day. Not enough for a sandwich. Are MPs worth ten times as much? Their performance over the past year or so leads me to think that the proportions should be reversed!

Our company, like many others in the City, is too small to run a subsidised canteen. Luncheon vouchers were established to cater for such small companies or those in areas, such as the City of London, where floor space is so expensive that it is uneconomic. Many thousand office staff are affected and to them this is an important issue. As usual, the small independent companies who are, in the main, Conservative supporters, suffer. We wish to be put on the same footing as the House of Commons and this can only be done by increasing luncheon vouchers to a value equivalent to the canteen lunch.

John N. Heyer.
*John Heyer Paper,*
*72-8, Fleet Street, E.C.4.*

### Civil Service on parade

*From Mr. C. Streatfield.*

Sir,—How refreshing to see the views of 14 trade unionists published on June 27, in which the Grunwick issue is so clearly analysed.

It came as a welcome antidote to the July issue of "Opinion," which is the journal of the Society of Civil and Public Servants. In this a posse of the executive committee was depicted parading outside Grunwick, though for what real purpose it is difficult to discern since the Society exists to serve the interests of its own members, as set out by its own constitution.

Others have complained of actions being taken outside the constitution and it is no doubt not without significance that resolutions in this field were not discussed at this year's annual conference; nor was my letter to you on July 20 last year contradicted.

Now I see what amounts to support of an attempt to destroy the power of the Metropolitan Police to keep order. The support being given by a body which if it succeeded in carrying with it the great mass of its members would make it impossible for any Government to control this country, since they are in effect almost the whole "middle management" of the civil service.

Grunwick is now all about law and order. It is really inconceivable that many wish to destroy it? What possible benefit can there be in not having efficient police and legal systems within which we can all live without constant fears of attacks upon our persons or property? Indeed this very society is concerned about attacks upon the persons of its members and has advocated a more efficient taxation (legal) system. Yet now it has shown itself on the side of those who assault the police.

The mildest way of describing the action of the executive committee members is to say that it is lamentably misguided and reflects the mass hysteria which afflicts trade union leaders who hear of non-union employers. Reason just flies out of the window.

C. Streatfield.
*14, Glenair Road, Parkstone, Poole, Dorset.*

### Normal cycle

*From Mrs. T. Carpenter.*

Sir,—I read with interest in your farming news (June 28) that "U.S. may act to cut wheat crops."

I am sure this evidence of the normal progression of the farming year will rejoice the hearts of all flour merchants, bakers, bread eaters, and combine harvester manufacturers. What else is new?

Tina Carpenter.
*73/74, High Street,*
*Wootton Bassett, Wilts.*

### Energy—not fuel pricing

*From Mr. N. Jenkins.*

Sir,—Does it really matter whether British Gas have made a "profit" of £100m. or £30m.? Gas is still far too cheap. Few of us, apparently, accept either the overwhelming evidence or the opinion of the best advisers available that there will be no more oil or gas to meet the continuously expanding demand in 25 years time.

It is only realistic to forget individual fuels and to pay for supplies of heat and power as energy, in which these two inseparable constituents are priced according to rate of depletion.

There is no more sense in the present dispute (although it may be a law has been broken) than there is in British Gas undercutting conscientiously prepared schemes for combined heat and power. Gas appliances at best are likely only to achieve 54 per cent operational efficiency against 70/80 for combined heat and power. The more gas that is sold the greater demand for synthetic natural gas with its high capital investment and comparably low thermal efficiency in the use of coal—at 34 per cent.

Dr. Marshall, whatever may have been his emphasis on an instant nuclear programme, is to maintain his chairmanship of the Research and Development Council: the likelihood of a clash with his successor as chief scientist may mean the Department of Energy going without until something of the present hiatus is resolved. The turbine manufacturing question remains in the air, nuclear re-processing and the demonstration plutonium reactor are questions likely to remain open for months to come. The Lib-Lab pact doesn't even mention the subject of energy: when is it to be taken seriously?

Norman Jenkins.
*Whitehill,*
*Ewhurst,*
*Farnham, Surrey.*

### AA breakdown services

*From Mr. R. Camplin.*

Sir,—Perhaps you will allow me to close the correspondence that started with my letter published on June 1.

The public relations officer of the Automobile Association seeks to dismiss my suggestion (for containing subscription increases) by saying that his researches show that there is little difference in the breakdown rate related to the age of the vehicle. I never claimed that there was. What I said in relation to maintenance was "the careful low mileage motorist is subsidising his less careful or high mileage colleagues."

It was a matter of some amusement that Mr. Wallace Bell was immediately able to ask how the AA justified charging a supplementary fee on its Continental recovery service for vehicles over five years old. The AA reply to this, namely that the older vehicles do break down more frequently when travelling on the Continent with consequential difficulties of obtaining spares, suggests that the AA is still living in the days when all but the most intrepid motorists ventured on to the Continent in British cars. Are the spares for a six-year-old Renault breaking down in France harder to obtain than spares for a four-year-old Morris?

Perhaps I was wrong to refer to the AA's other services as negligible. There is the free members' handbook, though I have not received one for three or four years and there is the free legal service. But why should it be free? Surely a flat charge of £5 each time a call is made on the service would help to defray its costs and reduce frivolous applications. I myself used the service once and the AA kindly wrote a letter to plead guilty on my behalf to a summons for being illegally parked. I suppose I could just as easily have written the letter myself, but the service was free.

The public relations officer has sought to demolish my second suggestion of some kind of no-claim bonus for persons not claiming on the breakdown service on the grounds that it would need another computer as well as staff and paperwork and this would be an increase in costs that the members would have to pay for. But how many fewer calls might there be on the breakdown service if some such arrangement as a no-claim discount existed?

My first suggestion of a flat-rate charge of say £10 for each call on the breakdown service has been dismissed in silence. I hope we will not now be told that another computer would be required to send out the invoices. I would envisage the £10 being collected on the spot by the service mechanic in cash, cheque or credit card and if the AA says that it cannot equip each mechanic with a machine to produce a credit card sales voucher I would answer that the mail order companies seem to require only name and credit card number. If it is argued that the cost of collection would be an additional charge to be borne by members, again, one wonders how many claims on the breakdown service might be saved. To bear that 50,000 breakdown calls are made in a year by people who run out of petrol suggests that there should be some fixed charge to represent at least the attendance fee of the mechanic. This is quite a normal procedure nowadays when dealing with minor breakdowns of equipment in the home.

It is perhaps true that a mere layman cannot produce fully workable suggestions to solve the problem of the escalating cost of the breakdown service if it is to maintain its efficiency without producing an excessively high membership subscription. But could the AA please stop protesting the divine infallibility of all its operations and think hard about where the membership subscription is going to go on a five-year projection at an average rate of inflation of between 10 per cent and 15 per cent per annum. If the breakdown service is not going to be cut, and I would not want it cut, then it cannot indefinitely be financed out of the members' subscription and this view seems to be well supported by your correspondents, Mr. Hunt and Mr. Hannan.

Finally, I must apologise. When I first wrote I thought I was a member contemplating resignation but checking my membership card I find that it has expired and that it has not been renewed, presumably because having cancelled my bankers order at the AA's request, I had refused to sign a variable direct debit instruction I was told I would be invoiced for the renewal but I have not been.

R. S. Camplin.
*39, Riverside Road, Staines, Middlesex.*

## To-day's Events

**GENERAL**

Vesting day for British Shipbuilders.

British Government ban now imposed on herring fishing within Britain's 200-mile North Sea sector in place of EEC ban which expired yesterday.

Customs duties will now be assessed on goods on basis of their value when they first entered EEC Community en route to U.K.

Remaining tariff barriers between EEC and EFTA removed.

Dominion Day in Canada.

Mr. William Rodgers, Transport Secretary, and Mr. Eric Heffer, MP, speak at Saffron Walden by-election meetings.

Windscale public inquiry continues, Whitehaven.

Public inquiry continues into proposed petrochemicals complex at Mossmorran, Fife.

Law Society annual report.

Institute of Chartered Accountants' annual conference continues, Kings College, Cambridge.

Silver Jubilee Exhibition opens, Hyde Park, W.1 (until September 4).

Cheltenham International Festival of Music begins (until July 10).

Royal National Rose Society Show opens, Royal Horticultural Society Halls, Vincent Square, S.W.1 (until July 2).

Exhibition of Pacific Islands stamps, Gibbons Gallery, 399, Strand, W.C.2 (until July 30).

**PARLIAMENTARY BUSINESS**

House of Commons: Motions on Appropriation (No. 2) (Northern Ireland) Order and on Criminal Injuries (Compensation) (Northern Ireland) Order.

**COMPANY RESULTS**

Batleys of Yorkshire (full year). Fertleman (B.) (full year). Nash Securities (interim). Whatlings (interim).

**COMPANY MEETINGS**

British Shoe, 40, Duke Street, W., 11.10. Flight Refuelling, Painters' Hall, Little Trinity Lane, E.C., 12. Harrison (James), Edinburgh, 12. Mentmore Manufacturing, Winchester House, E.C., 12. More O'Ferrall, Browns Hotel, W., 12. Scottish Agricultural Securities, Edinburgh, 11.30. Sea Engineering, 40, Duke Street, W., 11.15. Sears Holdings, Church Hotel, W.12. Securities Trust Scotland, Edinburgh, 12.

**SPORT**

Tennis: Wimbledon. The Que[en] presents trophy to Ladies Singl[es] champion. Rowing: Henl[ey] Regatta (9.30 a.m.).

**BALLET**

Nureyev Festival: Lond[on] Festival Ballet dance Gisel[le], Coliseum Theatre, W.C.2, 7.30 p.[m.]

Royal Ballet perform Ritua[ls], Enigma Variations, and El[ite] Syncopations, Covent Gard[en], W.C.2, 7.30 p.m.

**MUSIC**

Beethoven Night: Royal Ph[il]harmonic Orchestra (Fistoula[ri], Hephzibah Menuhin), Royal Alb[ert] Hall, S.W.7, 7.30 p.m.

# COMPANY NEWS + COMMENT

## Granada tops forecast with £11.6m.

COMPARED WITH a forecast 30 per cent. improvement, pre-tax profit of Granada Group rose by 34 per cent. to £11.62m. for the 28 weeks to April 16, 1977.

In the second half so far results show no increase over the previous comparable period and overseas rental operations continue to progress, report the directors.

Adjusting for the one-for-two scrip in March, earnings are shown to be 4.4p for the 28 weeks, compared with 3.1p and the net interim dividend is raised from 0.9535p to 1.0487p, absorbing £1.31m. (£1.19m.).

For the full year to October 2, 1976 dividends totalled an adjusted 1.7417p and profits were £18.15m.

The U.K. rental operation produced a profit of £5.72m. (£4.83m.) after charging depreciation £13.78m. (£8.85m.), interest £1.79m. (£1.01m.) and exceptional costs arising from the integration and rationalisation of Spectra Rentals of £1.49m. (nil). It is not expected that such exceptional costs will be substantial in the future.

Turnover of overseas rental operations for the six months to December 31, 1976, was £11.2m. (£7.42m.), and the profit £830,000 (£181,000).

Granada Television made a profit of £3.96m. (£2.72m.). Advertising revenue showed an increase of some 31 per cent.

| 28 weeks | 1976-7 £000 | 1975-6 £000 |
|---|---|---|
| Turnover | 155,780 | 77,516 |
| Trading surplus | 33,310 | 22,612 |
| Depreciation | | |
| TV rental assets | 16,025 | 10,347 |
| Other assets | 1,954 | 1,384 |
| Interest | 2,874 | 2,448 |
| Profit before tax | 11,624 | 8,663 |
| Tax* | 6,879 | 4,798 |
| Net profit | 5,346 | 3,861 |
| Minority interests | 68 | 72 |
| Attributable | 5,478 | 3,939 |

* Including equalisation.

A subsidiary, Barranquilla Investments, announces turnover of £0.74m. (£0.71m.) for the 28 weeks to April 16, 1977, and profits up from £0.41m. to £0.44m. after charges £0.28m. (£0.29m.) but before tax of £0.24m. (£0.22m.).

Stated earnings are 23.2p (23.1p) per 50p share. The net interim dividend is up from 10.77p to 11.847p.

Last year's dividend total was 27.86p and pre-tax profit £0.77m. The company operates as property investors and developers.

● **comment**

After a 34 per cent. increase in Granada's interim pre-tax profits, outside forecasters are now thinking in terms of over £24m. for the full year. The integration of Spectra into the U.K. rental operation—adding 0.3m. sets to a base of 1m.—has obviously made quite a difference to profitability per shop. But the full potential is yet to be seen. Granada has written off £1m. of rationalisation costs in this first half, which will not occur again, and the interest charge will start falling as cash flow builds up. Meantime overseas rental, concentrated in Canada and Germany, is finally showing a reasonable return and the television contracting side's profits are riding high on buoyant advertising revenue. The prospective p/e is 6.8 but the low yield—4½ per cent. maximum—detracts from the share's attraction at 63p.

### INDEX TO COMPANY HIGHLIGHTS



## Thermal Syndicate downturn

ON SALES ahead from £4.09m. to £4.77m. taxable profits of Thermal Syndicate fell to £551,000 for the six-month period to April 30, 1977, compared with £608,000.

The directors say that the buoyant level of order intake indicates that the increased turnover will offset increased costs and that trading profits for the full year, excluding profits from the sale of technical "know-how" and equipment, will be much the same as for 1975-76.

Profits arising from the sale of processes and the construction of associated plant have been excluded from the figures but the directors expect that their contribution to profits will be in excess of last year.

To reduce disparity, an interim dividend per 25p share is announced of 3p net (2.5p). The Board intends to pay the maximum permitted total for the year. Last year a total of 6p net was paid from record profits of £1.69m.

Net profit came out at £276,000 (£312,000) after tax took £275,000 (£294,000).

The company manufactures and fabricates fused quartz, fused silica and high temperature refractories.

● **comment**

After last year's 78 per cent. profit jump, the 9 per cent. decline in first-half profits at Thermal Syndicate was naturally a disappointment. Nor is there any consolation to be had from the forecast of maintained trading profits. TSL has hit a combination of difficult trading conditions and increased overheads. Volume, which is 12 per cent. up, has been won at the expense of margins. In the U.K. the market for high-margin products has gone flat. The group is operating at full capacity and has just started building a new plant in Delaware in the U.S., where 19 per cent. of group business comes from. At 122p the prospective yield is 8.5 per cent.

## Crest Nicholson sees rise

PRE-TAX profit of Crest Nicholson rose slightly from £403,000 to £428,000 for the half year to April 30, 1977, on turnover of £11.53m., against £10.61m.

The Board says that the profits increase that the company is seeking in the current year, is going to be achieved.

In order to reduce disparity an interim dividend is announced of 1p net per 10p share, compared with 0.7p. Total for 1976 was 2.98p, paid from profits of £1.22m.

After tax £209,000 (£210,000) net profit emerged as £219,000 (£193,000).

The company has interests in housing, leisure and engineering.

● **comment**

In its last annual report Crest Nicholson said that, given a return to normal trading conditions, the current year could see a dramatic rise in profits. In the event, trading conditions have until now been far from normal and the interim pre-tax gain is only 6 per cent. The reorganised housebuilding side apparently held its own during the six months and yachting profits moved steadily ahead despite the squeeze on consumer spending. But conditions on the *sports surfaces side have* remained particularly difficult as local authority spending cuts have bitten into demand. A return to "normal" trading conditions overall now seems unlikely in the current year. Although the group is expecting greater housebuilding profits in the second six months—an occurrence which would probably put it ahead of a national housing upturn—full-year profits growth is likely to be modest. The shares at 44p, where the prospective yield is 11.7 per cent. therefore have little attraction at present.

The directors say that since the close of the half year conditions in India have failed to improve. Foreign buyers have shown a reluctance to rely to any large extent on supplies of Indian jute goods where alternative supplies are available at lower prices.

In the U.K. the maintenance of profits at even the levels so far earned will be difficult, they add.

Sir J. Brown (chairman) has resigned from the Board together with Mr. G. D. Butchart.

## £0.4m. loss at Luis Gordon

ON TURNOVER £2.16m. ahead at £15.69m., Luis Gordon Group reports a pre-tax loss of £410,000, against a profit of £179,000, after exceptional debits of £150,000 and interest charges up from £352,000 to £634,000.

At halfway there was a loss of £0.31m. (£0.34m.).

There is no tax charge this time (£72,000). After extraordinary debits of £34,000 compared with £72,000, the retained loss emerges at £444,000, against earnings of £65,000.

Stated loss per 10p share is 7.6p (earnings 3p), and there is no dividend, against a payment last time of 0.5p net.

The directors state that since the beginning of 1977, the company has taken measures to reduced fixed costs. These include the re-location of the main operating part of the company to its Maidstone premises, producing considerable savings as well as streamlining the operation.

The effect of these measures in 1977 will be to reduce costs substantially, producing savings of the order of £500,000 in a full year, they state.

In view of the increasingly seasonal nature of their business, it is impossible to make any forecast as to the outcome for the year. However, providing that the group can achieve the same volume of sales as in 1976 and it continues to enjoy the support of Domecq, (the parent company) the effect of the reduction in costs should enable it to achieve a turn round in 1977, it is stated.

● **comment**

The latest figures from Luis Gordon bear out the impression that the company is surviving only thanks to the help from the major shareholder, Domecq. The losses appear worse than they are because the comparable period was overstated by £150,000 —evidently an accounting error in Dublin—which has been written off this time. Even so, trading profits cannot cover the cost of servicing debt which was up to £8.3m. (£4.6m.) by the year-end. Admittedly this figure was inflated because of payments held up as customers attempted to beat the duty increases in the pre-Christmas budget. Nevertheless, there is still £5m. of borrowings to date against shareholders' funds of around £775,000. The question now is how successful its major cost-cutting has been, and the market cannot judge that until the 1977 figures are produced. At 14p. to give a capitalisation of £756,000, the shares are living on hopes that it will come right.

## Wilson Bros. advance

GREETING CARD publishers, Wilson Bros. report taxable profits for the year ended March 31, 1977 of £792,842 against £456,094 after being behind at midway from £419,849 to £342,126.

Turnover for the year was ahead at £10.41m. (£8.46m.).

At the interim stage, the directors anticipated that full year profits would be substantially higher than 1975-76.

Earnings per 20p share are doubled at 4.77p (2.27p) and the dividend is lifted, with Treasury approval, to 1.257p (1p) with a final of 0.757p net.

Profit was struck after expenses £68,454 (£70,716), interest £22,150 (£317,343) and loan stock interest £9,464 (£10,222).

Tax took £243,574 (£193,5[illegible]) and the amount attributable came out at £549,268 (£261,500).

## Titaghur Jute midway loss

A turnround from a profit of £93,000 to a loss of £789,000 is reported by Titaghur Jute Factory for the half year ended December 31, 1976 turnover amounted to £10,536,000 (£9,883,000).





Mr. Leslie Tolley, chairman of Renold, who has reported record pre-tax profits of £14.13m. for the year 1976-77, compared with £11.33m. last time.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Anglo-African Fin. int. | 0.56§ | July 19 | — | — | 0.75 |
| Barranquilla Inv. int. | 11.85 | Oct. 1 | 10.77 | — | 27.86 |
| Braby Leslie 2nd int. | 2.75† | Aug. 24 | 1.84 | 4.5 | 3.09 |
| Burtonwood Bwy. | 3.05 | Aug. 26 | 2.77 | 3.05 | 2.77 |
| Carding | 0.33 | Aug. 8 | 0.19 | 0.33 | 0.19 |
| Cawdaw | 2.17 | — | 1.97 | 2.17 | 1.97 |
| Crest Nicholson int. | 1 | Oct. 4 | 0.7 | — | 2.98 |
| Luis Gordon | Nil | — | 0.5 | Nil | 0.5 |
| Granada int. | 1.05* | Oct. 1 | 0.95 | — | 1.74 |
| Hartle Machinery 2nd int. | 0.9 | — | — | — | 2.15 |
| LMI | 2.57 | — | 1.82* | 4.27* | 3.02* |
| J. T. Parrish | 3.84 | — | 3.84 | 3.84 | 3.84 |
| Renold | 5.95 | Aug. 30 | 8.18 | 8.45 | 7.68 |
| RKT Textiles int. | 1.58 | Sept. 14 | 1.58 | — | 4.27 |
| Laurence Scott | 2.19 | Oct. 3 | 0.7 | 2.99 | 3.4‡ |
| Shaw Carpets | Nil | — | 1.34 | 0.88 | 2.22 |
| Stead and Simpson | 1.97 | Aug. 2 | 1.79 | 2.52 | 2.29 |
| Thermal Synd. int. | 3 | Aug. 11 | 2.5 | — | 6 |
| Weston-Evans | 1.91 | Aug. 31 | 1.66 | 2.73 | 2.48 |
| Wilson Bros. | 0.76 | Oct. 3 | 1 | 1.26 | 1 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months. § For 18 months.

## Laurence Scott shows best ever at £2.76m.

WORKING AT 85 per cent. capacity but with a lower break-even point, electrical machinery and control gear makers Laurence Scott expanded pre-tax profit to a record £2.76m. for the year March 31, 1977 against £1.72m. for the previous 15 months. Sales were £28.61m. compared with £31.57m. For the future, the £3m. capital investment programme is on schedule, and the major new sheet metal production unit will be opened at Norwich towards the end of the year. The company is also continuing to expand into new ranges of products, Mr. P. M. Tapscott, the chairman, reports.

Earnings per 25p share were 16.92p (11.24p or 8.99p annualised) and a net final dividend of 2.19p lifts the total to 2.99p (3.4p or 2.72p annualised). If the rate of ACT is reduced the dividend will be increased accordingly.

Return on capital employed is at a 20-year high of 21.6 per cent. (12.3 per cent.) and liquid assets are over £1m. higher at £1.7m.

| | 1976-77 £000 | 1975-76 £000 |
|---|---|---|
| Sales | [illegible] | [illegible] |
| Trading surplus | [illegible] | [illegible] |
| Deprecn & plant leasing | [illegible] | [illegible] |
| Interest | [illegible] | [illegible] |
| Pre-tax profit | [illegible] | [illegible] |
| Tax | [illegible] | [illegible] |
| Net profit | [illegible] | [illegible] |
| Extra-ord. debits | [illegible] | [illegible] |
| Attributable | [illegible] | [illegible] |
| Dividends | [illegible] | [illegible] |
| To reserve | [illegible] | [illegible] |

* 15 months annualised basis.

● **comment**

Doubled full-year profits took Laurence Scott out of recovery and into growth last year and show just how opportunist the recent mysterious bid movements were. The reasons for the upsurge are not entirely clear. The recovery which began in the second six months of 1975-76 seems to stem entirely from better margins, but how much of this is attributable to internal changes and how much to market conditions, is something the group is saying little about at present. Overall volume certainly seems to be lower within a cash sales rise of only 13 per cent. but competition within the heavy electrical motors sector has become easier in the last year or two due to the elimination of some of the group's smaller rivals. Orders at the moment are only slightly better than a year ago but the group is expecting a more marked increase in demand both at home and in the export markets in the next few months. Hence the continuation of the £3m. three-year capital expansion programme. At 105p, where the shares have settled after coming back from the 136p high reached during the bid talks, the yield of 4.3 per cent., covered 3½ times, already seems to be taking account of these prospects.

## J. Heathcoat reduces deficit

Textile manufacturers, John Heathcoat and Co. report a reduced loss for 1976 from £1.79m. to £323,200 on turnover ahead to £13.1m. against £11.73m.

As last year there is no dividend.

After taxation £243,900 (credit £414,600), loss was £567,100 (£1.37m.).

## Noyapara Tea £100,000 increase

Pre-tax profit of Noyapara Tea Holdings jumped from £11,092 to £111,326 for 1976 on turnover doubled to £241,899 against £121,558.

The directors believe that there is a substantial yield potential from the company's estate, and with continued good management and reasonable weather, it will be progressively realised. Overall the property is steadily improving, the directors say.

Earnings per 50p share are stated as 67.1p against 14.8p. As last year there is no dividend.

Net profit came out at £50,326 (£11,092) after tax £61,000 (nil).

## Stead & Simpson record

RECORD profit of £1.89m. before tax of £0.95m. is announced by footwear retailers and motor traders Stead and Simpson for the 53 weeks to March 31, 1977. This compares with £1.34m. and £0.71m. respectively in the previous 52 weeks.

Stated earnings are 4.36p (2.91p) per 25p share and a net final dividend of 1.96797p lifts the total from 2.28906p to 2.51707p, the maximum permitted—in order to bring the issued capital more into line with underlying assets, a one-for-three scrip is proposed.

At halftime pre-tax profit was up from £0.77m. to £0.84m.

The freeholds and long leaseholds belonging to the company and its subsidiaries have been professionally revalued as at April 1, 1977, showing a surplus, before any contingent liability to tax on capital gains, of about £13m. above their book value.

| | 1976-7 £ | 1975-6 £ |
|---|---|---|
| Turnover | 19,596,063 | 15,387,837 |
| Profit before tax | 1,886,522 | 1,338,853 |
| Taxation | 945,789 | 707,140 |
| Net profit | 940,733 | 631,713 |
| Extraord. credit* | 414,651 | 478,504 |
| Attrib. | [illegible] | [illegible] |
| Dividends | [illegible] | [illegible] |
| Retained | [illegible] | [illegible] |

* Disposal of properties.

## LMI advances to £1.58m.

WITH AN advance in taxable profit from £0.79m. to £0.93m. in the second half, London and Midland Industrials ended the year to March 31, 1977, at £1.58m. against £1.36m. Sales were better by £2.31m. at £15.41m.

Current operations are moving forward with opportunities for further growth and expansion being progressed say the directors. They foresee further increases in profit in the current year.

Stated earnings per 25p share were 11.3p against 9.3p adjusted for scrip issue. A net final dividend of 2.5656p, as forecast, lifts the total to a maximum permitted 4.2636p (equivalent 3.0136p).

At year end borrowings were lower and the bank overdraft was £0.28m. After provision for tax and dividends capital and reserves were increased by £0.58m.

As known, in May 1977, the company acquired Sirron Sheet Metal and Engineering Company which will supplement existing engineering activities.

| | 1976-77 £000 | 1975-76 £000 |
|---|---|---|
| Sales | [illegible] | [illegible] |
| Pre-tax profit | 1,579 | 1,360 |
| Corporation tax | [illegible] | [illegible] |
| Deferred tax | [illegible] | [illegible] |
| Minorities | [illegible] | [illegible] |
| Extra-ord. credit | [illegible] | [illegible] |
| Attributable | [illegible] | [illegible] |
| Pref. dividend | [illegible] | [illegible] |
| Ord. dividend | [illegible] | [illegible] |
| Retained | [illegible] | [illegible] |

## Dunford profit in first six months

A TURNROUND from a pre-tax loss of £0.39m. to a profit of £1.69m. was achieved by steelmakers, forgemasters and engineers Dunford and Elliott in the 28 weeks to April 2, 1977. Sales were ahead by £11.1m. at £40.17m.

In February profit of £5m. and a dividend total of 5.5p was forecast for the year ending Oct. 1, 1977. The company is now a subsidiary of Lonrho.

Again there is no interim dividend. The last payments, totalling 2.25p net per 25p share, were paid in 1974/75 when there was a deficit of £1.21m.

| Half-year | 1976-77 £000 | 1975-76 £000 |
|---|---|---|
| Sales | 40,174 | 29,072 |
| Interest | 1,792 | 1,317 |
| Pre-tax profit | 1,689 | *392 |
| Tax | 71 | 40 |
| Extraordinary debit | 126 | *111 |
| Attributable profit | 1,492 | *523 |

* Loss. † Credit.

See Lex

## New issues euphoria

Now that the BP issue has got off to such a good start there seems to be a feeling of euphoria creeping into the new issue market. Possibly it is just a reflection of institutional liquidity now that the commitment to BP has passed, and certainly it is good news for the "stags."

The Sotheby offer for sale closed this morning, and evidently there has been an overwhelming response. The offer of 3.85m. Ordinary shares at 150p was officially described as "heavily over-subscribed." The basis of allotment will be announced to-day and dealers are already talking in terms of a 30p premium over the offer price when dealings get under way.

Meanwhile dealings kicked-off to-day in City Hotels whose shares came to the market via a placing of 1.1m. at 60p. The prospectus was published on Monday. The shares opened this morning on a substantial premium, at 72p, and gradually went higher touching 79p before easing back to close at 77p—a 17p premium. Evidently demand from the market was very strong before dealings began and the jobbers report a reasonable level of business throughout the day.

Such is the case of the new issue market that EMI had little problem in placing 3m. shares at 213p each, to raise close to £6.4m. in order to finance a hotel purchase from J. Lyons.

So the backdrop to the forthcoming London and Scottish Marine Oil offer next Monday looks very encouraging. Yesterday LSMO confirmed that it was intending to offer a total of 8.5m. Ordinary shares to the public at 155p per share to raise £12.4m.

The offer, which will be advertised on Monday morning, will include 1.9m. shares purchased from certain existing shareholders and 6.6m. new shares, effectively raising £10m. of new money for the company.

The application list for LSMO offer opens next Thursday.

## Weston-Evans peak £1.4m

AFTER A midway advance from £434,738 to £551,392 Weston-Evans Group finished the year to March 31, 1977 with record pre-tax profits of £1.41m. compared with £0.93m.

Turnover moved ahead from £10.12m. to £11.65m.

The directors state that current order books of most of the group's companies show increases and there are signs that this trend will continue. With the hope that rising costs in the U.K. will be curtailed and that inflation in the U.S. will be contained, the current year should produce further pleasing results.

Earnings per 20p share are shown as 11p (7.6p) and the dividend is lifted to 2.731p (2.48276p) with a final 1.91029p net. An additional dividend will be paid if ACT is reduced.

The directors say that, again, the U.S. profits have exceeded those of the U.K. It is mainly due to the substantial turnover and profits growth of the U.S. subsidiaries that the succession of record results was made possible. There is a large market available for the group's products and new avenues of activity are constantly being explored though competition is fierce, they add.

The U.K. subsidiaries experienced unsettled trading conditions in their home markets, but have found some consolation in a considerable increase in export sales to Europe, the directors say. The problem of the home market is aggravated by prolonged industrial disputes at some of the group's units.

The goodwill element arising out of the acquisition of Brown Products, Inc., was reduced to leave a balance of £83,444 and it is intended to write off in the current year.

The benefit derived from translation of the pre-tax dollar profits into sterling is £188,[illegible] (£58,327).

The company manufactures machinery for paper making, textile finishing and laundry, mechanical handling equipment





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# Renold tops £14m. after better second half

AFTER being up from £5.23m. to £5.68m. at halftime, pre-tax profit of Renold jumped from £11.33m. to a record £14.13m. for the 53 weeks ended April 3, 1977.

Before extraordinary items, stated earnings per £1 share are 22.8p (13.2p) and after, 22.1p (14.2p). The final dividend is 5.9527p (5.1843p) and the total 8.4527p (7.6843p) net, the maximum allowed—an additional payment will be made if ACT is reduced.

The directors report that there are many favourable signs which augur well for the longer term trading prospects, but in the short term it would be unrealistic to expect a spectacular improvement in the results of a group whose function is to service the power transmission requirements of industry. If, as is hoped, sterling remains reasonably stable during 1977, it is unlikely that any short term improvement in results will compensate fully for the high exchange gains to the 1976-77 profits.

Actions taken to improve further the performance of the U.K. companies will enable advantage to be taken of the strengthening of demand which has occurred in recent months for some products and which is now spreading slowly but significantly in other products but not in all markets. In certain countries, there seems likely to be a longer delay in activity growth with a consequential effect on some overseas results but economies introduced during 1976 are likely to have a beneficial effect in part of 1977 and improved returns in the second half year can be anticipated. In addition, sales of hydraulic motors which had an encouraging start in 1976-77 will grow significantly during the year and, as more sizes become available, will make a steadily growing contribution to turnover.

The financial situation is sound and a full range of products is readily available throughout the world. All these factors are counters to slow growth in world economies and "we are confident that in 1977-78 and subsequent years the Group will continue to be successful by using our strength to take full advantage of all opportunities."

The directors say that two important changes have been made in the 1976/7 accounts. The first relates to overseas currency adjustments where the surplus arising on net current assets of overseas companies has been included under the heading of profit on trading as with continuing exchange movements these adjustments can no longer be regarded as extraordinary items. Secondly, the directors believe that the amount already set aside for deferred taxation in the Balance Sheet is more than adequate for its purpose in the foreseeable future. Accordingly, no transfer to deferred tax is included in the tax charge for 1976/7.

If the policy of deferred tax had been continued and unrelieved ACT carried forward, the tax charge would have increased by £1.82m.

At £16.86m., the group profit on trading, after the inclusion of exchange surplus of £1.76m., was 17 per cent. higher than in the previous year despite the continued world-wide low level of demand.

The increase was most noticeable for U.K. companies and reflected the result of action taken at all levels to improve efficiency, including the initial benefits from the closure of the factories at Birmingham and Thornaby.

Overseas results, despite fierce competition, showed only a small reduction and the substantial exchange surplus on net current assets more than compensated for this fall. The pattern overseas was not dissimilar to last year with Continental Europe a difficult area; the North American operation maintained its contribution to group profits while South Africa showed an improvement.

Interest charges were reduced at £2.74m. reflecting the full benefit of the rights issue in 1975 and the continuing control on borrowing levels, while the tax charge of £4.73m. represents a much reduced effective rate.

Fixed assets at April 3, 1977, were £64.61m. (£62.9m.) and net current assets £57.12m. (£45.25m.).

| | 1976-77 £000 | 1975-76 £000 |
|---|---|---|
| External sales | [illegible] | [illegible] |
| Depreciation | [illegible] | [illegible] |
| Trading profit | [illegible] | [illegible] |
| U.K. | [illegible] | [illegible] |
| Overseas | [illegible] | [illegible] |
| Exchange surplus | [illegible] | [illegible] |
| Interest payable | [illegible] | [illegible] |
| Profit before tax | 14,128 | 11,330 |
| U.K. corporation tax* | [illegible] | [illegible] |
| Overseas taxes | [illegible] | [illegible] |
| Deferred tax | [illegible] | [illegible] |
| Net profit | [illegible] | [illegible] |
| Minority interests | [illegible] | [illegible] |
| Preference divs. | [illegible] | [illegible] |
| Extraordinary debits | [illegible] | [illegible] |
| Attributable | [illegible] | [illegible] |
| Ordinary dividends | [illegible] | [illegible] |
| Retained | [illegible] | [illegible] |

* After deducting double tax relief £0.97m. (£0.99m.) and including unrelieved ACT.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Blackman and Conrad, J. F. Nash Securities, Whatlings.

Finals—Adda International, Batleys of Yorkshire, Colmore Investments, B. [illegible]

FUTURE DATES

Interims—

Bath and Portland ... Jul. 8

Bonser Engineering ... Jul. 8

Gestetner ... Jul. 11

Yule Catto ... Jul. 14

Finals—

Attock Petroleum ... Jul. 5

Commercial Bank of Australia ... Jul. 8

Scottish and Newcastle Breweries ... Jul. 12

* Amended.

● comment

About half the 25 per cent. growth in pre-tax profits at Renold was due to extra currency gains and a full year of the rights issue proceeds. Demand has remained low and conditions, particularly in Europe, have obviously been difficult. It is now believed, both by the company and by brokers, that the cycle is on the way up and at least one broker is recommending purchases. But the accompanying balance sheet gives a sharp reminder of how badly the results would fare under inflation accounting. The stock turnover is a very low 1.8 and the increase in stocks over the year amounted to £9m. which is £3.5m. more than retained profits. The shares might be worthwhile for short-term traders as the cycle goes up, but long-term investors should steer clear until fundamental changes take place. The yield at 147p is 9.2 per cent. and the p/e, on a full tax charge and excluding currency gains, is 9.9.

## J. T. Parrish setback

Taxable profit of departmental store operators J. T. Parrish slipped from a peak of £130,885 to £110,903 on sales of £2.13m. against £2.1m., for the year to January 29, 1977. Halfway profit was depressed by £43,000 at £24,000, and the directors stated that costs were continuing to rise faster than sales.

Stated earnings per 25p share were 7.03p (10.84p) and the net dividend is held at 3.825p.

Tax took £60,257 (£72,832) leaving a net profit of £50,646 (£58,053).

# Gloomy outlook for LOFS

IT WOULD be misleading to predict an early return to profitability of the fleet, Mr. B. M. Mavroleon, chairman of London and Overseas Freighters, tells members in his annual statement.

Prospects in the tanker market are gloomy and he can do no better than hope that freights earned will cover the out-of-pocket operating expenses of the ships.

Dry-cargo ships' freights have been falling for some months and there is nothing to encourage him to expect a reversal of this trend this year. Nevertheless, he expects the SD 14s and the forthcoming B 26s to make an operating surplus in the current year.

There is a need to conserve the cash resources of the group if it is to meet its obligations, he states. World trade is increasing and will, he feels, continue to do so.

The company's mixed fleet of modern ships will be well placed to participate to the full in future prosperity. Meanwhile, "we must keep our nerve and be thankful for reserves built up in happier times."

Referring to the wholly-owned subsidiary, Austin and Pickersgill, which is being nationalised with effect from to-day, the chairman says it is difficult for him to enthuse about the future of the yard when the benefits will go elsewhere.

The company's claim for compensation will almost certainly be insufficient to yield a return comparable to that expected from A and P during the next few years.

As reported on June 17, profit for the year to March 31, 1977 was £6.17m. (£2.12m.) including £5.24m. (£21,483) surplus on disposal of vessels. Stated earnings were 16.8p (6.6p) per 25p share.

In their report the auditors point out that the sterling equivalents of Secured Loans in U.S. Dollars repayable at varying dates over a period of seven years are included in the balance-sheets at the exchange rates ruling on draw-down dates.

The directors refer to the extra cost in sterling if such loans had been wholly repayable on March 31, 1977. If generally accepted accounting principles were applied these loans would be translated into sterling at the rates of exchange ruling at March 31, 1977, and any difference arising would be dealt with in the profit and loss account for the year ended on that date.

As a result the group surplus would be reduced by an extraordinary item of £6.67m. made up as to the exchange differences arising on the translation of Secured Loans of £5.47m. and the additional share of net losses of associated companies of £1.2m.

Correspondingly in the group balance-sheet, Secured Loans would be increased by £5.47m. (in the case of LOF by £2.2m.) and the net worth of associated companies reduced by £1.2m.

According to a source and application of funds statement there was a decrease in cash resources of £0.4m. (£0.47m.) for the year.

First Island Trustees owns 10.5 per cent. of the Ordinary.

Meeting, The Baltic Exchange, E.C., July 25, 11 a.m.

## Shaw Carpets downturn

PRIMARILY due to the start up costs of innovatory machinery and losses by its sales subsidiaries in France and Germany, Shaw Carpets reports a turnround from a taxable profit of £0.72m. to a deficit of £0.23m. for the year ended April 29, 1977. External sales were better at £20.14m. against £18.3m., with the direct export content up at £2.65m. at £6.66m.

At halftime profit was ahead from £0.13m. to £0.26m. and the directors were cautious for the second half but said sales continued at a higher level.

Mr. James Hartley, the chairman, says the directors remain confident about the long term, particularly in view of its investment in Millitron, a computer controlled dye-injection machine.

However the industry in the short term faces a difficult period of trading due to reduced disposable incomes and low housing starts. But the company is well placed to take advantage of the next upturn in demand he adds.

Loss per 10p share is shown at 1.9p against earnings of 3.9p and there is no final dividend leaving the total for the year at 0.875p (2.217p).

The start-up of the Millitron carpet patterning machine, the prototype of which operates commercially in the U.S., was delayed by several months due to unforeseen technical problems. Total commissioning and other revenue costs of the project were £0.35m., most of which occurred in the second half.

| | 1976-77 £000 | 1975-76 £000 |
|---|---|---|
| External sales | [illegible] | [illegible] |
| Trading profit | [illegible] | [illegible] |
| Depreciation | [illegible] | [illegible] |
| Interest | [illegible] | [illegible] |
| Millitron* | [illegible] | [illegible] |
| Pre-tax loss | [illegible] | [illegible] |
| Tax credit | [illegible] | [illegible] |
| Net loss | [illegible] | [illegible] |
| Pref. dividends | [illegible] | [illegible] |
| Attrib. loss | [illegible] | [illegible] |
| Ord. dividends | [illegible] | [illegible] |

* Start up costs. † Profit. ‡ Debit.

The machine, the capital cost of which is fully paid for, is now operating satisfactorily and provides the company with a unique opportunity to make inroads into the woven sector of the carpet market, the directors state.

The subsidiaries losses were due to operational problems caused, in part, by the employment of sales agencies. Both companies now have their own sales management and the losses have been curtailed.

● comment

Shaw really ran into trouble in the second half of its year. U.K. carpet demand was low, and its problems were compounded by overcapacity in the industry leading to a very small profit margin on what business was available. The new Millitron machine proved faulty and Shaw was unable to get a sharply defined colour pattern. The write-off of £352,000 includes a substantial sum for carpet wasted as the company tried to get it right. Finally, the group made some appreciable losses overseas, though it is hoping for break-even in the current 12 months. The U.K. carpet industry is still suffering from overcapacity and, even though the Millitron machine has been sorted out, it is difficult to be optimistic in the short term. In the second half trading could improve but everything depends on the level of consumer spending. At 21p, down 4p yesterday, the shares are unlikely to recover until profits start to show through.

# Braby Leslie hits peak £1.5m.

AFTER CHARGING a £271,000 loss by the subsidiary, Cable Lines, pre-tax profit of Braby Leslie, civil and mechanical engineers, rose by 9 per cent. to a record £1.52m. in the year to March 31, 1977. Nottingham-based Cable Lines, which made a profit of £17,000 in the previous year, is now being run down.

Turnover expanded by 12 per cent. to £23.66m. during 1976-77. Earnings per 10p share are shown to have improved from an adjusted 13.4p to 17.7p.

At the interim stage, pre-tax profit was up from £0.65m. to £0.81m.

As forecast, net dividend total goes up from 3.0866p to 4.3p with a second interim of 2.75p on capital increased by last July's one-for-three rights issue. If ACT is reduced an additional payment will be made.

The directors report that the mechanical division, particularly Braby Liverpool and Auto Diesels Braby, continued to improve and showed increased net profit before tax amounting to £1.55m. Auto Diesels Braby has again won an increasing volume of exports and this growth has continued in the new financial year.

The activities of the civil engineering subsidiaries in Scotland during the second half were adversely affected principally by the cutback in public expenditure and by exceptionally bad weather in the latter months.

The shortage of Post Office work at Cable Lines continued and became more serious due to the severe cutback in such work. As an improvement in the foreseeable future could not be expected, the directors decided to run-down the subsidiary. Provision for future expenses of some £62,000 estimated to relate to future losses on current contracts has been included in the 1976-77 loss of £271,000. Provision net of tax relief for other running down expenses of £86,000 and the goodwill, which arose on the acquisition of Cable Lines, written off of £510,000 have been charged as extraordinary items.

The directors have decided to provide for deferred tax on stock appreciation relief only to the extent that there is reasonable probability of stock values will reduce in the foreseeable future. This has resulted in a decrease in the 1977 tax charge of £330,000. In making this decision, the directors have attempted to be conservative and in the transfer to deferred tax account in the current year is £337,000 stock appreciation relief.

The group has again benefited from a lower-than-normal tax charge by using some £373,000 of tax losses brought forward from previous years. On the assumption that the group had suffered a full tax charge of 52 per cent. in the profits, the earnings per share would have been 10.5p (11.2p).

The comparative figures for 1976 have been restated by a reduction in net profit of some £116,000 due to an over-statement of stock and work in progress of a subsidiary at March 31, 1976. The tax charge for 1976 has not been adjusted but relief of some £60,000 will be available to reduce tax on profits in subsequent years.

Group net tangible assets per share at March 31, 1977, amounted to 71.2p (63.5p).

The rights issue raised £918,000, and as an interim measure pending the expenditure on the capital projects for which the issue was principally made, the proceeds were used to repay the balance of the medium-term loan amounting to £612,500 made by the group's bankers and certain hire purchase liabilities.

Arrangements were made with the bankers for overdraft and medium-term loan facilities to continue to be available to the group, which together with retained profits should be adequate for present and estimated future requirements including planned capital expenditure, say the directors.

Since March 31, 1977, a subsidiary, Auto Diesels, Braby, has contracted to sell for cash, plant and stock used in the production of gas turbine aircraft starters to Hants and Sussex Aviation at the book value of about £180,000. Due to Government policy, further contracts from the Ministry of Defence for new turbine starters are unlikely to be placed in the foreseeable future, and the directors decided to discontinue this activity as it would be uneconomic to continue it on repair work only. The space released will be used to expand generating set production.

| | 1976-77 £000 | 1975-76 £000 |
|---|---|---|
| Turnover | [illegible] | [illegible] |
| Trading profit | [illegible] | [illegible] |
| Cable Lines loss | 271 | [illegible] |
| Profit before tax* | [illegible] | [illegible] |
| Tax recoverable | [illegible] | [illegible] |
| Tax to deferred tax acc. | [illegible] | [illegible] |
| Net profit | [illegible] | [illegible] |
| Extraord. debits | [illegible] | [illegible] |
| Attributable | [illegible] | [illegible] |
| Pref. dividends | [illegible] | [illegible] |
| Ordinary dividends | [illegible] | [illegible] |
| Retained | [illegible] | [illegible] |

* After interest [illegible]. † Profit. ‡ Possible.

● comment

It is becoming clearer than ever that Braby Leslie's future lies in mechanical engineering and, to put a finer point on it, in diesel generating sets, steel drums and bulk storage silos. The mechanical engineering division as a whole generates nearly 90 per cent. of profits and all the exports —Auto-diesel, for instance, sends 60 per cent. of its generators overseas. The civil engineering side, on the other hand, has never produced more than £½m. profits and this year has been very exposed to cutbacks in local authority spending. Now, with the running down of Cable Lines and the purchase from Alcan of Payter, whose products will complement the existing range of storage tanks, the group is beginning to transform itself into more of a mechanical engineering company. This bodes well. However, there are still too many small offshoots producing between them only some £350,000 pre-tax (£1.2m. comes from Auto-diesel and Braby Liverpool). On a longer term view, therefore, there may be some room for movement in the shares. At present they stand at 78p for a justifiably low historic p/e of 4.25 (on the low tax charge).

## Humphries deficit lower

After redundancy costs (less Government rebate) down from £221,182 to £95,250, the pre-tax loss at Humphries Holdings was cut from £331,657 to £34,968 for the year to March 31, 1977. At halfway the loss was £63,000 (£212,100).

The stated loss per 25p for the year was 2.55p (9.67p)

Once again there is no dividend

In November last year the directors said that the deficit for the 12 months was not likely to be proportionately greater than for the first half.

The company develops and prints movie films and is a subsidiary of British Electric Traction Company.

| | 1976-77 £ | 1975-76 £ |
|---|---|---|
| Turnover | 10,906,109 | 9,030,670 |
| Redundancy costs | 95,250 | 221,182 |
| Pre-tax loss | 34,968 | 831,657 |
| Tax | 146,781* | 776,151* |
| Net loss | 111,749† | 755,474 |
| Minorities | 10,994 | 24,472 |
| Extraordinary debits | 14,701 | 49,309 |
| Attributable loss | 207,044 | 750,70[illegible] |

* Credit. † Loss.

## Berisford in New Zealand

S. and W. Berisford, and Crown Consolidated, of Wellington, New Zealand, announce the formation of a jointly owned export company, Crown Berisford.

Crown is one of the oldest of 15 stock and station agency companies operating in New Zealand handling wool, livestock, motor vehicles, supermarkets, property, wines and spirits and meat processing. Group turnover for the current year will exceed NZ$140m. (£75m.).

The new joint company will have its headquarters in Auckland, and will be controlled by a Board of six directors, three nominated by either party.

The principal formation of the new company will comprise the introduction of meat, wool, grain and other exportable agricultural products with Berisford arranging the marketing of these products on an international basis.

## MONEY MARKET

# Extreme shortage

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977)

Day-to-day credit was in very short supply in the London money market yesterday, much shorter than originally projected, and the Bank of England was required to lend an extremely large amount to 10 or 11 houses at MLR for repayment to-day. The market was faced with an excess of transfers to the Exchequer over Government disbursements and a net take up of Treasury bills. On the other hand banks brought forward full balances and there was some return of funds from the BP oversubscription. Once again the level of official help may have been slightly overdone.

Discount houses paid around 6¾ per cent. for secured call loans at the start and with a larger chunk of the day's money coming from the Bank of England, rates dropped anywhere between 6½ per cent. and 7½ per cent.

In the interbank market loan conditions proved much more difficult. Overnight loans opened at 6¾-7 per cent. and rose gradually to around 8 per cent. by lunch. With little money to be seen, rates climbed rapidly up to 17-18 per cent. by early afternoon but with the Bank of England giving assistance to the discount houses, conditions improved with money at 7-8 per cent. After a brief rise to 10-11 per cent. closing balances were taken at 10-11 per cent.

Rates in the table below are nominal in some cases.

| June 30 1977 | Sterling Certificates of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 6-10 | [illegible] | — | — | [illegible] | [illegible] | — | — | — |
| 2 days notice | — | — | [illegible] | — | — | — | — | — | — | — |
| 7 days or 7 days notice | — | [illegible] | [illegible] | — | [illegible] | [illegible] | [illegible] | — | — | — |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | [illegible] |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| Two years | — | — | [illegible] | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills [illegible] per cent; four-month trade bills [illegible] per cent.

Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rate (published by the Finance Houses Association) [illegible] per cent from June 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rate for lending 8 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

# London & Northern sees further growth

FOLLOWING THE REORGANISATION and the substantial reduction in borrowings, London and Northern Group is once again in a position to expand its profitable activities, says Mr. J. H. M. Mackenzie, the chairman. He anticipates further growth which will accelerate with any improvement in the economy.

Results for the first half have been affected by the poor weather conditions in the U.K. and the low level of activity in the scrap metal industry, Mr. Mackenzie says. The group's construction interests, however, have satisfactory order books at home and overseas and should show growth in attributable trading profits.

The group's other activities, apart from scrap metal which is dependent on international steelmaking, should show maintained or improved results, says the chairman.

Pre-tax profit for 1976 was unchanged at £9.58m., and the dividend total is maintained at 3.25p net per share (as reported on May 27). The profit was struck after a reduction in the value of development land and related work, and an exceptional loss in an overseas subsidiary.

In the overseas construction division, a new trading profit record was supplemented by exchange profits members are told. The Dubai associate has been awarded a three-year contract valued at over £100m.

The group's earth moving division achieved record results from contracts in England and Scotland and has adequate work in hand for the current year, Mr. Mackenzie reports. These achievements were almost eliminated by the results of the group's housebuilding companies in the Midlands and South of England, which again had to contend with a low level of demand, and by the further write down of £2.36m. in the value of the development land. Mr. Mackenzie says he expects greatly improved results in 1977.

The group's concrete brick and blockmaking plants achieved improved results despite the downturn in the building industry which led to the closure of the unprofitable clay brick manufacturer in South West Scotland. Recent legislation on the minimum insulation value required for industrial and domestic properties has justified the investment in the modern equipment necessary to produce blocks of the highest quality, and further expansion is planned, Mr. Mackenzie states.

Weatherseal Windows continued to make an important contribution to the group's earnings and following the recent introduction of a range of new and improved products, the directors expect better results from this division, which is already borne out by the high level of orders now in hand. From August this year holders will be able to buy the products of the Weatherseal division on specially reduced terms. Further details of this scheme will be available at the AGM.

There is no apparent improvement in steel production at the present time, but the group is geared to take advantage of any improvement. The plastics reclamation and processing interests, which experienced difficult trading conditions and commissioning problems with new plant, are now showing improved results.

The results of Tace for the second half of 1976 showed a marked improvement which is being maintained in the current year. Tace has recently reached a successful conclusion to the legal problems concerning its purchase of its Dutch subsidiaries and has benefited by an increase in assets of £1m. and a reduction in borrowing of a similar amount.

The trading profits of J. and W. Henderson (Holdings) were broadly maintained notwithstanding the adverse effects of profit margin controls and reduced demand. Henderson is now benefiting from its capital investment programme and from its involvement in the do-it-yourself and retail sectors.

Bank overdrafts and short-term loans decreased by £12.16m. (£6.13m.), and bank balances increased by £3.34m. (decrease £0.13m.).

Meeting, Essex Hall, Essex Street, W.C., August 2 at 3 p.m.

## £1.3m. by Burtonwood Brewery

AFTER AN ADVANCE from £0.53m. to £0.62m. at halfway, pre-tax profit of Burtonwood Brewery Company (Forshaws) for the 52 weeks to March 26, 1977, rose from £1m. to £1.3m. The directors state that sales have been maintained despite price and excise duty increases, and barring further Government restrictions, they expect the company to continue to expand.

The dividend is stepped up from 2.771p to 3.048p net per 25p share.

Turnover for the year was ahead from £8.11m. to £9.43m., and tax took £0.66m. (£0.52m.).

## Carding Grp. slows in second half

A slowdown in second half pre-tax profit from £0.23m. down to £0.19m. left Carding Group up only £59,000 at £0.43m. for the year to March 31, 1977. Sales improved to £8.08m. against £7.45m.

The motor division achieved record earnings of over £0.5m. Given adequate supplies of vehicles, the motor division result can be repeated but this is dependent on some upturn in the economy, say the directors. Further expansion of this division must however be influenced by the manufacturing policy of its suppliers. Property investment income will continue to reflect the benefits from improved lettings and a contribution is envisaged from property dealing.

In recent months, the directors have been examining ways of stimulating recurring lines of income without placing heavy burdens on cash flow and have entered into transportation leasing in a modest way. The indications are that the company can obtain worthwhile benefits from this activity.

A 23 per cent. Loan Stock has been purchased for redemption. The full effect of the interest saving will be reflected in the current year, the directors add.

Basic earnings per 5p share are shown to be lower at 0.87p (1.08p) and the net dividend is lifted to 0.325p (0.192p), absorbing £65,271 (£38,176) after waivers amounting to £10,092 (£6,346).

| | 1977 £000 | 1976 £000 |
|---|---|---|
| Turnover | 8,075 | 7,451 |
| Motor | 7,256 | 6,107 |
| Property | 408 | 980 |
| Property investment | 411 | 364 |
| Trading profit | 926 | 874 |
| Motor | 503 | 405 |
| Property | 41 | 134 |
| Property investment | 382 | 315 |
| Write down† | 229 | 124 |
| Interest | 228 | 334 |
| Loan stock interest | 38 | 44 |
| Pre-tax profit | 431 | 372 |
| Tax | 230 | 122 |
| Net profit | 201 | 236 |

† Of property dealing stocks.

The property division has earned a modest profit on deals that have been completed but the policy of gradually reducing the commitment in this activity is being maintained. There is a nucleus of difficult properties which are still unsold. This situation has led to the granting of tenancies, wherever possible, to produce a source of income.

Consequently the directors have reappraised the dealing stocks and a provision of £0.23m. has been made to reduce the book values to estimated realisable values. Further reductions of group borrowings have been made and indebtedness now stands at £1.8m (£1.7m.).

## Anglo African Finance slips to £0.13m.

Profit of Anglo-African Finance Co. dropped from £0.24m. to £0.13m. for the year to January 19, 1977 before tax of £45,909, against £37,772. Stated earnings are 0.96p (1.95p) per 7.5p share.

An interim dividend of 0.5625p net is being paid and a final will be recommended when the 18-month figures are known. For the year to January 19, 1976 a payment of 0.75p was made.

The 12-month results exclude the company's 44.5 per cent. interest of Dewhurst Dent for six months, which show turnover £4.19m. and pre-tax profit £201,801 after depreciation £84,356.

### S. HOFFNUNG

S. Hoffnung, the wholesaling, agency and retailing group which last year obtained 94 per cent. of its turnover in Australia, has been exempted from dividend control. The news prompted a rise of 3p in the share price to 80p.

The Board of Hoffnung says that it is likely to recommend a 10 per cent. rise in the gross dividend for the financial year ending March 31, 1977.



# World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, June 29. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (mt), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America Eurodollar Libor as of June 30 at 11.00 a.m. 3 months 5⅞ 6 months 6¼

SDR1=US$1.16438

| Country | Currency | Value of DLR | Country | Currency | Value of DLR | Country | Currency | Value of DLR |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

For further information please contact your local branch of the Bank of America.

## MINING NEWS

# Eastern nickel plans attract Amoco

BY PAUL CHEESERIGHT

A NEW lease of life may have been given to a major Indonesian nickel project by the reports from Jakarta that Amoco Minerals has agreed to join the PT Pacific Nickel Indonesia consortium, whose most prominent members are United States Steel and the Dutch steel group, Hoogovens.

Amoco Minerals is a subsidiary of Standard Oil (Indiana) and is already engaged in mineral ventures in Canada, Western Australia, Papua New Guinea and Oklahoma.

Pacific Nickel was formed to exploit a lateritic nickel deposit on Gag Island in Indonesia. In the early 1970s it was planned to develop a mine which would produce sufficient tonnage to sustain output of 100m. lbs of nickel metal a year.

The reports from Jakarta indicate that Amoco has been negotiating for an equity interest in Pacific Nickel since last March and that it tentatively agreed earlier this month to join the consortium.

Amoco's possible stake in the project has not been disclosed. U.S. Steel has 48 per cent. and last year the Indonesian Government agreed to take 20 per cent.

Over the years various participants have fallen by the wayside. Sherritt Gordon of Canada, whose plants were engaged in refining tests for Pacific Nickel's ore, will still supply expertise, but has effectively left the consortium. Sherritt, in any case, sought to avoid financial commitment as early as 1975.

The U.S. group, Newmont Mining, and the German concern, Muller Brothers, were also members of the consortium at one stage.

The emergence of Amoco as a likely partner revives the hopes of production by the early 1980s on a scale which would help to make Indonesia the third largest nickel producer in the world, after Canada and New Caledonia. But the project is thought now to require a $1bn. (£581m.) investment.

The inflation of capital costs and higher fuel charges caused the project to be re-assessed in 1974-75. So far $40m. has been spent by Pacific Nickel.

The consortium has been working under the provisions of Indonesia's Second Generation contract, introduced in 1968, but the Third Generation contract was introduced last year. This provides for variable export taxes, tax exemptions on imported capital equipment and 35 per cent. corporation tax.

### WESTRALIAN AND TIOXIDE MERGE

Against the background of a depressed mineral sands market, Westralian Sands and Tioxide Australia, part of the Tioxide Group of London, are amalgamating their interests and planning a major ilmenite beneficiation project, it was announced on the Perth Stock Exchange yesterday.

A Westralian share issue will give Tioxide a 40 per cent. holding in Westralian. This holding may be increased to 51 per cent. by a further share issue, for which Tioxide would pay 30 cents (19.3p) a share, should Westralian proceed with the beneficiation plant.

The immediate plan is for Westralian to issue 28.6m. fully-paid 10 cents shares, based on a value of 20 cents, and thus worth $A5.7m. (£3.69m.) in exchange for Tioxide's shareholdings in Western Mineral Sands and Ilmenite Ltd. as well as long-term contracts for ilmenite and other marketing help.

Western Mineral Sands is two-thirds owned by Tioxide and one-third by Westralian, while Ilmenite Ltd. is a Tioxide subsidiary. By grouping all these forces together it is expected that ilmenite production will be more than 400,000 tonnes a year.

Westralian shares were 10p yesterday.

### LOAN PAYMENTS HIT NCHANGA

Heavy payments on international loans have dragged down the profits of the Zambian copper producer, Nchanga Consolidated, despite higher copper prices and a better operating performance.

For the year to the end of last March, profits after tax and extraordinary items were Kwacha 10.5m. (£7.7m.), compared with K17.1m. in 1975-76. No ordinary dividend has been declared.

The loan liabilities were increased heavily by the 20 per cent. devaluation of the Kwacha in July last year. They appear in the accounts as an extraordinary item of K32m. The net profit before taking this item into account was K34.5m. compared with K4.8m. in 1975-76.

This indicates the improvement in copper prices over the year. Nchanga received on average K1,072 (£7[illegible]) in 1976-77 after an average K7[illegible] in the previous year. In the quarter to March the average price was K1,112 (£816). Yesterday the settlement price for cash wirebars on the London Metal Exchange was £748.5, suggesting that Nchanga might be running into fresh problems.

Zambia Copper Investments holds 49 per cent. of Nchanga, and ZCI shares yesterday were 17p.

### ROUND-UP

Employees at Mount Newman, the Western Australian iron ore producer, have voted at a mass meeting to return to work after a strike lasting [illegible] days. Employees at Port Hedland, where 19 vessels are awaiting shipments, are voting to-day. The Mount Newman management estimates that 3.5m. tonnes of production and $A27m. (£17.4m.) of revenue were lost during the strike.

* * *

The Rio Tinto-Zinc group's Canadian unit, Brinco, whose main asset in the Churchill Falls hydro development of Labrador was nationalised three years ago, is shifting its executive office from Montreal to Mississauga, near Toronto, to be near the centre of the mining industry. Brinco is working on two major projects: the Abitibi asbestos prospect in Quebec and the Kitts-Michelin uranium property in Labrador.

* * *

Operating results this year for Tanjong Tin, the London-based company with Malaysian interests, are expected to be similar to 1976, the chairman, Mr. J. T. Chappel, said in his annual statement. Net profits last year were £91,076. The gross book value of the Tanjong assets is £300,311, but providing mining is maintained at its present level and the metal price holds up, the pre-tax value of the Malaysian assets is put at more than £750,000. Tanjong shares were 45p yesterday.

### MINING BRIEFS

UNITED TIN AREAS—Production of tin concentrates (73 per cent. grade) for April and May, 3½ tonnes. Same period 1976 10½ tonnes.

GOLD AND BASE METAL MINES—May output of concentrates (73 per cent. grade), tin 28 tonnes (April, 28 tonnes), columbite 1 tonne (April, nil). Five months ended May 31, tin, 132 tonnes, columbite 3 tonnes. Same period 1976: tin, 130 tonnes; columbite, 3 tonnes.

# Goodyear Tyre improving

PRE-TAX profit of Goodyear Tyre and Rubber Company (Great Britain) for 1976 rose from £92,000 to £611,000 on turnover increased to £159.27m. against £131.72m.

A peak of £3.54m. was achieved in 1971.

Mr. T. W. Harrington, chairman, says that although trading condition continue to be difficult in 1977 the group is confident that its share of the highly competitive markets in which the company operates will continue to improve.

Mr. Harrington adds that 1976 proved to be another difficult trading year. After a slow start, sales in most categories proved buoyant enough to show nearly 15 per cent. increase in unit sales over the full tyre range, but this could have been better if improved productivity in the latter part of the year had been consistent throughout, the chairman says.

Earnings are shown as 2.3p (2.1p) per £1 share. As last year there is no dividend.

Exports increased by 39 per cent. from £22.26m. to £30.99m.

With a full year's contribution from Kettering Motor Services, the group's subsidiaries maintained an overall profitable trading position, the chairman adds.

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Turnover | 159,267 | 131,715 |
| Trading profit | 4,362 | 3,677 |
| Share associate | [illegible] | [illegible] |
| Investments income | 158 | 151 |
| Interest payable | [illegible] | [illegible] |
| Profit before taxation | 611 | 92 |
| Taxation | [illegible] | [illegible] |
| Net profit | [illegible] | [illegible] |
| Minorities | 1 | 1 |
| Attributable | [illegible] | [illegible] |
| Preference dividend | 34 | 34 |
| Retained | [illegible] | [illegible] |

* Credit.

The group is not paying on the 38.86 per cent. Redeemable Cumulative First Preference shares 1981.

The accounts show future capital expenditure at £2.4m. (£1.33m.). The ultimate holding company is Rothmans International.

Meeting, Cafe Royal, W., July 27, noon.

### J. H. VAVASSEUR

The Board of J. H. Vavasseur Group has resolved that no dividend will be paid as at June 30, 1977, on the 7.5 per cent. Redeemable Cumulative Preference shares, nor on the 38.86 per cent. Redeemable Cumulative First Preference shares 1981.

# A. Dunhill well placed for growth

The balance sheet at Alfred Dunhill remains strong and highly liquid, and the directors believe that the group is set on the right course, states Mr. Richard Dunhill, chairman.

The directors propose to increase the group's authorised borrowing powers to a multiple of 1.5 times adjusted capital and reserves, in line with current practice. The chairman tells members in his annual statement that the liquid position means that the company is well placed to take advantage of opportunities as they arise.

At year-end bank overdrafts were £2.01m. (£0.24m.).

There are indications that much of future growth will have to be sought in new areas and activities and will be strongly influenced by the strength of the economies of the great trading and industrial nations.

With these provisos, he is confident that there are still great opportunities, both for the general market sector of masculine luxury goods and for the Dunhill share of that business in particular.

As reported on May 26, pre-tax profit for the year ended March 31, 1977 rose from £7.27m. to £9.22m., reflecting particularly good results in America and the Far East. Adjusting for inflation the figures are £7.87m. (£6.1m.).

## BIDS AND DEALS

### HARTLE MACHINERY PURCHASE

Hartle Machinery International has agreed to acquire the whole of the issued share capital of Derek Hartle from the Derek Hartle family for a consideration of just under £½m.

The principal assets of DHL and its subsidiaries consist of a long leasehold and a freehold property, both leased to subsidiaries of HMI and recently valued at a combined total of approximately £300,000 and 95.6 per cent. of Orfevrerie Wiskemann SA (Wiskemann), a Belgian company. Wiskemann made pre-tax profits of £84,800 in the six months to December 31, 1976. The DHL Group also has a shareholding of 813,830 Ordinary shares of 25p each in HMI, representing 35.8 per cent. of the present issued share capital.

The net assets of the DHL group being acquired amount to £565,348. The adjusted profit and loss account of the DHL group for the 18 months ended June 30, 1976 showed a loss before tax and extraordinary items of £150,375 and the unaudited figures for the six months to December 31, 1976 show consolidated pre-tax profits of £57,217.

The consideration is the issue to the Hartle Family of 1.9m. new Ordinary shares of 25p each which, at par, amounts to £475,000. The agreement provides for the issue at par of further HMI Ordinary shares of up to a maximum of 500,000 depending on the outcome of three negotiations which the DHL Group has recently commenced.

### ASSOCIATES DEALS

Automated Security (Holdings): London Trust Co. recently purchased a further 130,000 Ordinary shares making a total holding of 600,000 shares (10.99 per cent.).

British Tar Products: London Trust now hold 800,000 Ordinary shares (7.638 per cent.).

British Industrial Holdings: Greenbrook Securities have purchased 20,000 Ordinary shares of the company and now hold 3,013,000 shares (21.23 per cent.).

Dubilier: Hambros Bank (Nominees) hold 4,895,786 shares (21.83 per cent.). Lloyds Bank (Grosvenor) nominees hold 2,240,000 shares (9.99 per cent.), and Lloyds Bank (Moorgate Branch) nominees hold 1,350,600 shares (6.02 per cent.).

### SELUKWE/KADUNA

Selukwe Gold Mining and Finance Co. announces that its revised offer of June 13 for the Ordinary capital of Kaduna Syndicate not already owned by Selukwe has now been accepted as to 3,078,298 Kaduna shares (approx. 89 per cent. of Kaduna).

The cash alternative has now closed but the offer remains open until July 8, 1977.

At 3 p.m. on June 30 Selukwe had received acceptances totalling 1,461,903 Kaduna shares and to cash alternative to offer totalling 1,487,303 shares. Selukwe held 5,000 shares prior to offer and acquired or agreed to acquire 124,000 shares during the offer.

# RKT in profit midway

TURNOVER of Robert Kitchen Taylor and Co. for the six months to March 31 1977, rose from £5.35m. to £6.28m., and there was a pre-tax profit of £116,340 against a loss last time of £320,871, which was struck after an extraordinary credit of £56,775.

The directors state that the steps necessary to ensure the basic soundness of the company have continued to be taken and their beneficial effect is becoming apparent. Caution is still necessary in looking to the future, they say, but further progress is expected.

The loss attributable emerges at £80,168 (£363,025) after tax of £153,642 (£30,360) and minorities £43,372 (credit £28,215). There is again no dividend. The group's last payment was 1.7364p net per 10p share for 1973-74.

The 75 per cent.-owned subsidiary, RKT Textiles, reports a pre-tax profit of £397,838 against £140,217, on turnover up from £4.36m. to £6.09m.

The attributable profit is £243,324 (£114,687), and the interim dividend is unchanged at 1.5828p net per 10p share.

The directors state that due to the adverse weather there has been a slowdown in the rate of sale of certain summer lines. This is expected to be offset by the sale of the autumn and winter ranges, the order books of which are promising.

**● comment**

The fall in interest rates and the moderate improvement in the property market have helped take Robert Kitchen Taylor off the danger list. Sales of shops are continuing and most of them should have gone by the end of this calendar year. As a result, the overdraft is already substantially reduced and could be small in the next balance sheet. Much now depends on the rent review for the Charl Street property, and negotiations have already begun. If it goes well there and if the property is subsequently sold (the company has not said it will sell but the logic of the situation points that way), then RKT would probably have no extraneous losses to deduct from the textile subsidiary's profits and a dividend could be restored. At 22p the market capitalisation of RKT is half that of its 75 per cent.-owned textile subsidiary, so there are speculative attractions.

## Folkes Hefo

Mr. J. W. Hearnshaw, Chairman of John Folkes Hefo told shareholders at the AGM that turnover in the first half of 1977 will have increased by about 28 per cent., being the average annual compound rate achieved from 1968 up to 1974. In 1975 the rate of increase fell to 8 per cent. and in 1976 to 4 per cent.

The tide of demand seems to be turning, he added.

Profits in the first half of 1977 would probably not have increased at as high a rate as turnover, due to continuing expenses in re-organisation and development and the increased costs in the housing and building supplies units, caused by the abnormally wet weather in the first half of this year. From now onwards, he anticipated that margins should steadily improve.

# FARMING AND RAW MATERIALS

## Time-table for grain pact talks

By Our Commodities Editor

A TIME-TABLE, aimed at intensifying work on preparations for a proposed new international grains arrangement when the current International Wheat Agreement expires on June 30 next year, was agreed at the International Wheat Council meeting in London this week, it was announced yesterday.

The preparatory group studying terms of a new grains arrangement will report to the next Council meeting in November, when a decision will be taken on reconvening a negotiating conference early in 1978.

The move to step up pressure for an international grains pact followed a statement by the U.S. to the Council meeting outlining its new attitude, under the Carter Administration.

One of the changes is that the U.S. is now prepared to co-operate in developing an agreement in which world prices would be a trigger for co-ordinated action on building up or releasing reserve stocks.

Chairman of the Wheat Council during 1977-78—the crucial year for the international pact negotiations—will be the first Soviet member elected to this office, Mr. Valentin N. Polezhaev of the Soviet Foreign Trade Ministry. The vice-chairman will be so EEC member—M. Henri Corson, director-general of the French National Cereals Office (Onic).

## EEC bid to curb farm fund frauds

By Robin Reeves

BRUSSELS, June 30.

THE EEC Council of Ministers has given its blessing to a Common Market directive which will require member governments to examine regularly the accounts of companies handling large sums of money from the Common Farm Fund.

The directive is aimed at cutting down the incidence of fraud. Between 1973 and 1975 291 cases involving a total of 33.1m. were uncovered, and a notable feature of the statistics was that the biggest number of discoveries, by far, occurred in West Germany (168) which has a system for checking traders' books on a regular basis.

The directive gives EEC governments until July 1, 1979 to implement the necessary national legislation, and the control system will become fully operational by 1981.

The compulsory examination will apply to all companies handling more than 100,000 Units of Account (some £40,000) and the Commission calculates that around 2,100 trading concerns will be involved.

## Lords committee cautions on commodity speculators

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON commodity futures markets should continue to guard against excessive speculation, and the London Metal Exchange in particular should seriously consider additional safeguards, according to the House of Lords Select Committee on Commodity Prices that issued its long-awaited report yesterday.

The Select Committee, appointed in January, 1976, to investigate the problems of instability in prices of primary raw materials, concluded after its lengthy study, that commodity futures markets usually help to stabilise prices. In general, it is stated they perform a useful, indeed essential, service to producers and consumers, as well contributing some £200m. to Britain's invisible export earnings each year.

But the report warns that in unsettled conditions, and especially in times of high inflation, speculative sources having no direct connection, and little knowledge of the commodity markets could have a destabilising influence on prices.

The London Metal Exchange is picked out for special mention because it does not have the clearing house facilities used by the other "soft" (non-metal) commodity markets to guarantee all contracts.

The report points to the danger in these circumstances resulting from the financial collapse of any firm holding a substantial amount of contracts as a cause for concern and recommends that the LME should give further consideration to adopting additional safeguards.

### Stabilisation

On its major topic of consideration — commodity price stabilisation—the Select Committee recommends that the U.K. Government should continue the efforts recently made to evolve a workable scheme for the Common Fund, put forward by UNCTAD as part of its integrated commodities programme.

Lord Roberthall admitted that the committee had its thunder stolen by an apparent change of attitude by the U.K. Government fairly recently. The committee had planned to recommend that Britain should adopt a more sympathetic view in talks on the proposed UNCTAD commodity buffer stock fund.

This had however been superseded by the new stance taken by Britain, and other developed countries, at the recent North-South talks where backing was approved in principle for a Common Fund.

In the event, the report recommends that the U.K. should press for larger buffer stocks to help control price fluctuations, with equal contributions from producing and consuming countries, and should continue to back international commodity agreements.

But it favours a case-by-case approach, and thinks indexation presents too many difficulties. Lord Roberthall added that commodity price stabilisation, while considered desirable both for consumers and producers, should not be considered as a panacea to solve all the developing countries' problems.

## New frost fears boost coffee

BY RICHARD MOONEY

AFTER TRADING in a wide range yesterday coffee futures prices on the London terminal market closed about £60 a tonne higher. The September position gained £62.5 on balance to £2,197.5 a tonne.

An early fall in response to Wednesday evening's news that General Foods was laying off coffee workers in its U.S. plants took the September price down to £2,050 a tonne at one stage.

But a rally based on new Brazilian weather fears lifted the price to £2,275 during the afternoon. The rally ran out of steam, however, and profit-taking trimmed prices near the close.

Reports of a new cold front threatening Brazil's coffee growing areas was backed up by the fact that there will be a new moon at the week-end. A new moon is recognised as a time of particularly high frost risk. The resulting rise was further encouraged by rumours of Brazilian support buying of coffee on futures markets.

London merchants G. W. Joynson and Co. forecast yesterday that London coffee futures could be trading in a range of £1,250 to £1,750 a tonne by the end of this year, "assuming there has been no disaster, political or natural, in the producing world."

In a report on the market Joynson said the possibility of frost in Brazil should keep prices above £2,000 a tonne until the end of August.

Our Rio de Janeiro Correspondent writes: The Brazilian Coffee Institute (IBC) has issued its second estimate for the 1977-1978 coffee crop, adding 500,000 bags (60 kilos each) to the first estimate, released last November.

The total now stands at 15.3m. bags with almost half (7m.) coming from the State of Sao Paulo.

Flowering of the trees, the basis of the first estimate, was very varied in November, making it difficult to get a precise idea then, IBC said.

This was followed by varied weather conditions, good in January, followed by a long dry spell in February. Incidence of a pest known as "Bicho Mineiro" was also noted.

## Call for stock export ban

BY CHRISTOPHER PARKES

SOME livestock exported from Britain to Europe have been known to spend three days en route with neither feed nor water, according to British Veterinary Association officials. Animals transported around Britain are also liable to suffer from stress and even physical harm.

For these reasons the BVA has again condemned unnecessary movement of stock and called for a ban on the export of live animals for slaughter. Stock should be killed in the abattoirs closest to their farms of origin, the association says.

Hundreds of thousands of animals are exported for slaughter each year, according to Mr. John Parry, president of the BVA. A large proportion, he claimed yesterday, while perhaps not treated cruelly in the strictest sense of the word, suffered unnecessarily.

He was also concerned that livestock carriers were using larger transporters than in the past. At one recent accident involving a heavy truck he found about 40 sheep smothered.

Mr. Jim Allcock, a member of the BVA council, said there had been instances of calves booked out of Britain for customers in Belgium. But he had discovered some shipments had been picking up fresh consignments or landing in Europe and had then been driven on as far as Italy.

## U.S. copper strike deadline

By John Edwards

COPPER PRICES continued to fluctuate nervously yesterday, as the June 30 midnight deadline for the expiry of U.S. copper workers' labour contracts approached. The market dropped sharply in the morning following news that Kennecott, a major producer had made an improved wage offer to the unions and also amended its previous controversial cost of living adjustment proposals.

However, values moved up again later in the day when the unions rejected Kennecott's "sweetened" offer. Nevertheless copper cash wirebars closed last night £10 down on the day at £753.5 a tonne.

Present market sentiment, which changes from day to day, appears to be that, although no settlement has yet been reached the gap between the two sides has been narrowed to negotiable proportions and that in any event the copper companies cannot afford a lengthy stoppage.

Meanwhile, the Commodities Research Unit in its latest monthly review of the copper market estimates that production is continuing to keep up with, or exceed, consumption. As a result, world copper stocks have remained at a very high level—an estimated 2.29m. tonnes at the end of May.

● Southern Peru Copper Corporation said operations at its Toquepala mine and Ilo smelter, which processes ore from both Toquepala and Cuajone mines, had been interrupted by wildcat stoppages.

But it said operations at the Cuajone mine and concentrator had not been affected nor had shipments from Peru of blister and refined copper.

## Export controls hit tea prices

By Our Own Correspondent

CALCUTTA, June 29

AT THE FIRST tea auction held in Calcutta since Mr. Mohan Dharia, the commerce minister, announced a ceiling on tea exports for this year of 225m. kilos, prices were marked down all round.

Tea exporters were also worried by the delay in the issue of licences for shipping. The Indian Tea Board which issues these licences is usually prompt, but since the declaration of the export ceiling it is taking longer than usual to clear applications with the result many tea shippers are having to cancel their ship bookings. Possibly some of the U.K. ships, now loading in Calcutta may have to sail without their main cargo.

FARMLAND PRICES

## Why 'outsiders' go for British acres

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. SILKIN'S intention of setting up an inquiry into the sales of farmland is in response to the considerable publicity that has been given to sales of institutions and foreigners buying up Britain's acres.

This is not an isolated British phenomenon. The hostility of established farmers and peasants to foreigners and even national "outsiders" buying into farming, has always been present, and most countries in Europe have effective means of preventing it.

Only in Britain is there the combination of a free market in land, and the prospect of eventual parity with European Community prices, to tempt land-hungry buyers to bid up prices.

It is difficult to determine the exact number of farms which are being purchased by those who could be classed as outside the industry. Institutional insurance companies and pension funds, have been buying recently. The Country Landowners' Association estimates that they own about 9 per cent of the land area.

There has always been a proportion of this class of landowner: the colleges, the Crown and the Church Commissioners are outstanding examples.

In spite of all the talk of foreign buyers, actual sales are believed to be few. British land is cheaper than that in most of Europe, but much of it is of inferior quality. It is significant that most of the foreign interest, and that of the institutions, has been centred in those areas of land in eastern and southern England ideally suited to intensive arable farming.

This has been by far the most profitable sector recently. Prices there are at their highest, averaging over £1,000 an acre, some £200 to £300 more than a year ago.

There is not nearly as much interest in dairying land and the inferior soils. This is in marked contrast to the last land boom in 1974, when £800 to £1,000 an acre was being freely offered for almost anything.

To-day the demand is much more selective, and although the best dairy farms in some cases make well over £1,000 an acre—in Cheshire for instance—the institutions and foreigners don't seem to want to know.

The reasons for this, I believe, are basically that under the CAP the arable sector seems to have been unduly favoured. And, aside from that, the potato boom of the last two years has shown that in the right circumstances returns can almost exceed the dreams of avarice. Certainly it is the prospect of such profits which has bolstered the price of arable land.

Those farming it have to deal only with the land and climate. Dairy farmers have the incalculable variations of the cow's behaviour to deal with, to say nothing of the labour troubles large-scale dairying can bring.

The preference for land with vacant possession is because under recent legislation tenancies can pass down through two or three generations of a family.

This measure has been blamed for much of the inflation of land prices, by restricting the number of farms available to let.

This is far from being the only cause. In nearly every developed country of the world to-day there are fewer farms than prospective farmers, and land prices are such that only the very rich or those prepared to take on enormous debt burdens are able to buy.

British farmers and their families feel that they are put at a disadvantage in this race by the fact that capital and revenue taxation could wipe out any family's chances of remaining in possession of all but a small acreage within a generation or two.

Private landowners are even more aggrieved, because the relief of capital transfer tax granted to working farmers is denied them, and the income from their lettings is subject to the investment surcharge. Institutions suffer no such disability.

Except in Denmark where capital taxation of farmers is heavier than in Britain, EEC farmers have little in the way of comparable burdens, either of capital or revenue tax.

It seems intolerable to many British farmers that while they cannot buy land, the institutions and foreigners who usually suffer nothing like the same disabilities should be able to walk off with the plums.

It must be said that in spite of all the propaganda the main bidders and purchasers of farms on the market are still British farmers.

If every foreigner and institution left the scene it would not make much difference at present to prices.

## Bacon dearer next week

BY OUR COMMODITIES STAFF

BACON RASHERS could be up to 2p a lb. dearer in the shops next week following first-hand price rises announced yesterday. Danish, Irish and Ulster producers have raised prices by £25 a tonne, while FMC, Britain's biggest curer, has raised its price by £20 a tonne.

Although the rises average only 1p a lb. over a whole side, the bacon trade expects the higher costs in be concentrated on middle and back rashers, which are expected to rise 2p and 3p a lb. respectively.

The bacon market has been firmer recently, one trader said, with forward orders for Danish supplies noticeably better. He added, however, that bacon of other nationalities had not been difficult to obtain, though no discounts were available.

Bacon consumption in Britain, after hitting record lows in 1975, now appears to be increasing, according to Knud Skouby, of Danish Agricultural Producers. Citing figures just published by the Ministry of Agriculture, he notes that in the first quarter of this year, bacon consumption reached 4.26 oz a head—7 per cent up on the last quarter of last year, and 11 per cent higher than in the same period of 1976.

Over the same period, the sales of beef, lamb, mutton and chicken fell. Pork was the only other meat to show an increase.

At present, imports of bacon from Denmark are running about 12 per cent up on the same time last year, trade sources claim.

In the first 24 weeks of the year the U.K. market absorbed 214,970 tonnes of bacon compared with 208,830 tonnes last year. Danish suppliers claim to have maintained their 42.5 per cent share of the total market.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Lower after moving erratically on the London Metal Exchange, reflecting uncertainty over the possibility of a strike in the U.S. copper industry. [illegible]

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Wirebars | | | | |
| Cash | 744.5 | -7 | 753.5 | -10 |
| 3 months | 767-.8 | -7.75 | 775.5 | -9.5 |
| Settlem't | 745.5 | -7 | ... | ... |
| Cathodes | | | | |
| Cash | 736.5 | -4.75 | 744.5 | -8.5 |
| 3 months | 756-.5 | -7 | 762.5-3.5 | -8.5 |
| Settlem't | 737 | -7 | ... | ... |
| U.S. Prod. | ... | ... | 68.71 | ... |

TIN—[illegible]

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 5670-5 | +50 | 5685-95 | +37.5 |
| 3 months | 5745-50 | +45 | 5760-5 | +25 |
| Settlem't | 5675 | +50 | ... | ... |
| Standard | | | | |
| Cash | 5670-5 | +50 | 5685-95 | +37.5 |
| 3 months | 5745-50 | +45 | 5760-5 | +25 |
| Settlem't | 5675 | +50 | ... | ... |
| Straits E. | ‡1450 | -14 | ... | ... |
| New York | ... | ... | 454.75 | -4.1 |

LEAD—[illegible]

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Cash | 322-3 | -4 | 322-.5 | -5.25 |
| 3 months | 325-6 | -3.75 | 325.5-6 | -4.75 |
| Sett'ment | 323 | -4 | ... | ... |
| U.S. Spot | ... | ... | *31 | ... |

ZINC—[illegible]

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Cash | 312.5 | -3.5 | 311.5-2 | -5 |
| 3 months | 321-.5 | -3.25 | 320-.5 | -5 |
| Sett'ment | 313 | -3 | ... | ... |
| Prim.West | ... | ... | ... | ... |

[illegible]

## SILVER

Silver was fixed 0.1p an ounce lower for spot delivery in the London bullion market yesterday at 262p. [illegible] 262½p (430-432c).

| SILVER per troy oz. | Bullion fixing pricing | + or — | L.M.E. close | + or — |
|---|---|---|---|---|
| Spot | 262p | -0.1 | 261.75p | -1.45 |
| 3 months | 266.5p | -0.3 | 266.3p | -1.35 |
| 6 months | 273.5p | -0.3 | — | ... |
| 12 months | 288.1p | -0.5 | — | ... |

LME—Turnover 127 (113) lots of 10,000 ounces. Morning: Three months 267.4, 7.5, 7.0, 66.9, 6.5, 6.4, 6.5, 6.6. Kerbs: Three months 266.7, 66.6. Afternoon: Three months 266.5, 6.6, 6.7, 6.5. Kerbs: Three months 266.1, 6.7.

## COCOA

Continued consumer demand found sellers reluctant and values moved higher before profit-taking pared the gains, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| No. 6 Con'l | | | |
| July | 3017.0-18.0 | +62.0 | 3055.0-2950 |
| September | 2730.0-35.0 | +44.0 | 2710.0-2715 |
| December | 2505.5-04.0 | +26.0 | 2535.0-2509 |
| March | 2360.0-65.0 | +20.0 | 2385.0-2350 |
| May | 2270.0-80.0 | -12.0 | 2315.0-2275 |
| July | 2206.0-09.0 | -18.0 | 2220.0-2205 |
| Sep | 2151.0-59.5 | +9.5 | 2150 |

Sales: 3,035 (2,671) lots of 10 tonnes.

International Cocoa Agreement (U.S. cents per pound). Daily price for June 29: 197.16 (197.57). Indicator prices June 30: 15-day average 192.65 (193.31); 22-day average 186.07 (185.15).

## GRAINS

LONDON FUTURES (GAFTA)—The market opened steady but soon lost ground on nearby options with good commercial and country hedge selling. Volume was comparatively small but September wheat and barley moved to new contract lows and beyond without meeting significant opposition. Only deferred wheats found support with trade commercial short-covering. The downtrend continued in the afternoon as country and merchant sources remained particularly good sellers on both September options. Commercial support finally appeared in the last minutes of trading and the market closed about steady with losses of between 35-70 points, reports Acli.

| WHEAT Month | Yesterday's close | + or — | BARLEY Yesterd'ys close | + or — |
|---|---|---|---|---|
| Sept | 85.20 | -0.60 | 78.10 | -0.70 |
| Nov | 87.70 | -0.45 | 80.55 | -0.70 |
| Jan | 90.25 | -0.45 | 83.00 | -0.55 |
| Mar | 92.85 | -0.35 | 86.00 | -0.65 |
| May | 95.10 | -0.35 | 88.50 | -0.75 |

[illegible]

## RUBBER

ABOUT UNCHANGED opening on London physical market. [illegible]

| No. 1 R.S.S. | Yesterday's close | Previous close | Business Done |
|---|---|---|---|
| [illegible] | | | |

## SOYABEAN MEAL

[illegible]

## SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

After an initial bout of Commission-house selling at which the lows of the day were recorded London steadied slightly on quiet local trade buying, reports Drexel Burnham Lambert. The afternoon reopening saw strong buying in the market place as New York "C" contract opened steady and further trade participation pushed values sharply higher. Latterly local dealer profit-taking pared these gains and futures closed from only £7.5 up in spot July to £112 higher in March.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| July | 2135-140 | -7.5 | 2240-040 |
| September | 2195-200 | +62.5 | 2275-050 |
| November | 2150-170 | +45.0 | 2250-050 |
| January | 2145-165 | +47.5 | 2220-016 |
| March | 2125-135 | +112.5 | 2200-980 |
| May | 2100-130 | +90.0 | 2170 |
| July | 2100-140 | +95.0 | 2050 |

Sales: 3,435 (4,002) lots of 5 tonnes.

ICO Indicator Prices for June 29 (U.S. cents per pound): Colombian Mild Arabicas 258.00 (272.00); unwashed Arabicas 220.00 (same); Other Mild Arabicas 234.50 (265.00); Robustas 192.50 (209.00). Daily average 225.50 (236.00).

## JUTE

DUNDEE—Firm but no buying interest. Prices c and f U.K. for Aug.-Oct. shipment: BWB £252, BWC £242, BWD £234. Tossa: BTB £255, BTC £244, BTD £226. Calcutta goods market closed. Yarns and cloths very quiet with prices irregular.

## VEGETABLE OILS

LONDON SOYABEAN OIL TERMINAL—Sellers marked down prices across the board and buyers remained cautious with the continued decline in the Chicago soyabean complex. Trading was light but prices ended the day up to £12 below the previous day. Closing prices: July £356-£358; Aug. £367-£360; Sept. £369-£356; Oct. £353-£355; Nov. £354-£349; Dec. £351-£347; Jan. £346-£341; Feb. £346-£340; March £346-£347. Sales, six lots of 50 tonnes.

LONDON PALM OIL—Close: Aug. 333.00-44.00; Oct. 333.00-34.00; Dec. 310.00-[illegible]

Irregular until the close when reports that Iraq had agreed to buy 450,000 tonnes from the Philippines produced a surge of buying, and final quotations were at the highs of the day, reports C. Czarnikow.

| Sugar Pref. Comm. Con. | Yesterday's Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Aug. | 118.75-18.80 | 116.50-16.60 | 118.75-16.00 |
| Oct. | 123.70-23.75 | 120.60-20.65 | 123.75-20.75 |
| Dec. | 121.75-21.85 | 124.70-24.80 | 128.00-24.75 |
| March | 13[illegible].75-33.00 | 12[illegible].25-2[illegible].50 | 13[illegible].75-32.25 |
| May | 135.25-35.50 | 131.50-31.75 | 136.25-31.75 |
| Aug. | 137.05-37.24 | 133.50-33.80 | 137.25-30.50 |
| Oct. | 140.50-40.85 | 137.00-37.05 | 140.25-38.50 |

Sales: 1,336 (1,735) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £226 (same) a ton for home trade and £181 (£159) for export.

EEC IMPORT LEVIES—The following import levies for white and raw sugar are effective for June 30 (in units of account per 100 kilos (with previous in brackets). White sugar (denatured and non-denatured): 24.12 (23.61); raw sugar 19.86 (19.01).

## MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound)—Beef: Scottish killed sides 47.0 to 50.0. Ulster hindquarters 58.0 to 60.0, forequarters 26.0 to 31.0. Eire hindquarters 58.0 to 61.0, forequarters 25.0 to 30.0.

Lamb: English small 44.0 to 48.0, medium 42.0 to 46.0, heavy 40.0 to 44.0. Imported Frozen: N.Z. PL 41.0 to 43.0, PM 41.0 to 42.0, PR 39.5-40.0, YLs 41.0 to 42.0.

Pork: English, under 100 lbs 32.0 to 39.0, 100-120 lbs 32.0 to 38.0, 120-160 lbs 33.0 to 37.0.

MEAT COMMISSION—Average fatstock prices at representative markets on June 30. GB—Cattle 62.29p per kg.l.w. (-2.47); U.K.—Sheep 112.5p per kg est.d.c.w. (-1.0); GB—Pigs 52.3p per kg.l.w. (-3.3). England and Wales—Cattle numbers down 10.2 per cent, average price 61.69p (-1.87); Sheep numbers down 6.4 per cent, average price 114.9p (+0.3); Pig numbers down 19.0 per cent, average price 52.5p (-3.5). Scotland—Cattle numbers down 0.5 per cent, average price [illegible]

## WOOL FUTURES

LONDON—The market was dull and featureless, reports Bache.

(Pence per kilo)

| Australian Greasy Wool | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| July | 225.0-50.5 | ..... | — |
| October | 231.0-34.8 | +0.5 | — |
| December | 231.0-36.5 | +0.5 | — |
| March | 235.0-48.0 | ..... | — |
| May | 234.0-45.8 | ..... | — |
| July | 240.0-47.0 | -0.5 | — |
| October | 240.0-48.0 | ..... | — |
| December | 240.0-48.5 | ..... | — |

Sales: 0 (3) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business, sales)—22 Micron Contract—July 333.0-334.0; 334.0-344.8; 48. Oct. 333.7-334.0; 333.9-331.5; 28. Dec. 333.1-333.5; 333.5-332.0; 46. March 337.3-337.4; 337.4-334.8; 62. May 339.7-341.8; 339.7-338.2; 43. July 343.0-343.5; 343.2-339.5; 96. Oct. 346.2-347.8; 346.5-342.5; 23. Dec. 348.0-350.0; 348.0-348.0; 0. Total sales, 331 lots.

BRADFORD—The dull close in Australia this week has discouraged immediate buying by spinners and is also discouraging to those operating combs whose order-books are already too short for comfort or price firmness. However, with deliveries still going out some traders expect a burst of demand could push up prices extensively soon.

*

COTTON—Liverpool. No spot or shipment sales were recorded, leaving total sales for the week at 377 tonnes, reports F. W. Tattersalls. Dealings were scarce in view of the doubts over future price prospects, and the widespread holidays in spinning centres. Only occasional interest was shown in Latin-American and Middle East growths.

*

GRIMSBY FISH—Supply fair and demand fair. Prices per stone at ship's side unprocessed: Shell cod £3.30-£4.00, codlings £2.30-£3.40; large haddock £3.80-£4.00, medium haddock £3.30-£3.40, small haddock £1.30-£2.10; large plaice £3.30, medium plaice £3.20-£3.50, best small plaice £1.50; skinned dogfish (medium) £4.00 large £6.00; lemon soles £5.80-£5.50; rockfish £1.60-£2.70; reds £1.30-£1.90; saithe £2.60.

## PRICE CHANGES

Prices per tonne unless otherwise stated.

| | June 30 1977 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £680 | | £680 |
| Free Market (cts) | $1,000-40 | | $1,040-50 |
| Copper | | | |
| Cash W'bar | £753.5 | -10.0 | £761.25 |
| 3 mths. | £775.5 | -9.5 | £781.75 |
| Cash Cathode | £744.5 | -8.5 | £752.5 |
| 3 mths. | £762.75 | -9.5 | £773.75 |
| Gold Troy oz. | $142.125 | -0.375 | $143.125 |
| Lead Cash | £322.75 | -5.25 | £333.5 |
| 3 mths. | £325.75 | -4.75 | £340.5 |
| Nickel | £3,160 | | £3,160 |
| Free Market (c/lb) | $2.02 | | $2.07 |
| Platinum (tr oz) | £97.95 | | £97 |
| Free Market | £89.95 | | £89.65 |
| Quicksilver (76lb) | $115-120 | | $130-135 |
| Silver troy oz. | 262p | -0.1 | 270.8p |
| 3 mths. | 266.5p | -0.3 | 276.8p |
| Tin Cash | £5,690 | +37.5 | £5,627.5 |
| 3 mths. | £5,762.5 | +25.0 | £5,655 |
| Wolfram 22.04 lb cif | $171-179 | | $173-180 |
| Zinc Cash | £311.75 | -5.0 | £315.5 |
| 3 mths. | £320.25 | -5.0 | £325.25 |
| Producers | $700 | | $700 |
| Oils | | | |
| Coconut (Phil.) | $595s | | $705 |
| Groundnut | £620 | | £620 |
| Linseed Crude | £295s | -5.0 | £296 |
| Palm Malayan | [illegible] | | £480 |
| Seeds | | | |
| Copra Philip. | $410 | | $472.5 |
| Soyabean (U.S.) | $336.85s | -1.0 | $385 |
| Linseed Can. No. 1 | £276 | -8.5 | £290.5 |
| Grains | | | |
| Barley EEC | | | |
| Home Futures | £80.5 | | £81.5 |
| Maize | | | |
| French No. 3 Am | £95.25 | | £98.75 |
| S.A. Yellow | £71 | | £72 |
| Wheat | | | |
| No. 1 Red Spring | £93.5 | | £93.5 |
| No. 2 Hard Winter | £85 | | £83 |
| Eng. Milling | £93 | | £90 |
| Other commodities | | | |
| Cocoa Shipment | £2,933 | +17.0 | £2,922 |
| Future Sept. | £2,732.5 | +44.0 | £2,831 |
| Coffee Future | | | |
| September | £2,197.5 | +62.5 | £2,381.5 |
| Cotton 'A' Index | | | |
| cent | 68.25 | -0.1 | 75.65 |
| Jute UABC(d)(x) | | | |
| Rubber kilo | 49.25p | +1.0 | 49.75p |
| Sisal SA3L | $600s | | £600 |
| Sugar (Raw) | £113 | +1.0 | £119 |
| Wooltops 64s kilo | 285p | | 283p |

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard trade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "D" e Ex-tank London/Hull. h June-July k July. m Sept. p Oct.-Dec. q Aug.-Sept. s Nov.-Dec. w July-Aug. x Aug. y Sept. z Per ton.

## U.S. Markets

### Coffee and cotton up: grains weak

NEW YORK, June 30.

COTTON advanced sharply especially in the European markets. Coffee was strong. [illegible]

Cocoa—[illegible]

Coffee—"C" Contract: [illegible]

Copper—[illegible]

Cotton—No. 2: [illegible]

*Gold—[illegible]

†Lard—[illegible]

‡Maize—[illegible]

‡Platinum—[illegible]

‡Silver—[illegible]

Soyabeans — July 780-782 (777), 786-787 (776½), Sept. 714-713, Nov. 687, Jan. 681-690, Mar. 697, May 700, 706-701.

‖Soyabean Meal — July 202.00-20[illegible] (205.50), Aug. 206.00-204.50 (206.50), Sept. 198.00-197.50, Oct. 187.00-186.50, 184.00-184.50, Jan. 185.50, Mar. 188.00, May 189.00, July 190.50.

Soyabean Oil — July 26.65-26.70 (27.[illegible]), Aug. 26.80-26.75 (27.37), Sept. 26.65-26.[illegible], Oct. 24.45-25.40, Dec. 24.70-24.75, Jan. 24.55-24.00, Mar. 24.40-24.45, May 24.33, July 24.00-24.15.

Sugar — No. 11: Spot 7.35 (7.68), July 7.70-7.60 (7.69), Sept. 8.30 (8.14), 8.64-8.67, Jan. 9.05-9.23, Mar. 9.17-[illegible], May 9.29-9.27, July 9.40-9.36, Sept. 9.50, Oct. 9.53. Sales, 5,636.

Tin—451.00-456.50 nom. (449.00).

**Wheat—July 244½-244¾ (246), Sept. 251½ (254), Dec. 261½-262¼, March 2[illegible], May 274½, July 277½.

WINNIPEG, June 30. ††Rye—July [illegible] bid (90.00), Oct. 91.90 asked (92.90 bid), Nov. 93.00 bid, Dec. 93.60 asked, May [illegible].

‖Oats—July 78.00 asked (78.40), [illegible] 74.90 asked (75.00 bid), Dec. 74.30 asked, May 73.90 bid.

‖Barley—July 87.60 bid (88.20), [illegible] 84.00 (85.40), Dec. 84.20 asked, May [illegible] bid.

‖Flaxseed—July 265.00 bid (268.30), [illegible] 271.00 (274.60), Nov. 270.50 bid, [illegible] 267.00 bid, May 275.00 nom.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 343½ (347).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ◊ $'s per troy ounce—100 ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. § $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered N.Y. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. ‡ Cents per 24-lb bushel ex-warehouse. ‖ Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

| FINANCIAL TIMES | | | |
|---|---|---|---|
| June 30 | June 29 | Month ago | Year ago |
| 249.97 | 250.43 | 263.71 | 238.61 |

(Base: July 1, 1952=100)

| REUTER'S | | | |
|---|---|---|---|
| June 30 | June 29 | Month ago | Year ago |
| 1569.5 | 1571.3 | 1638.8 | 1536.6 |

(Base: September 18, 1931=100)

| DOW JONES | June 30 | June 29 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 393.43 | 393.30 | 422.98 | 378.16 |
| Futures | 368.62 | 358.22 | 390.36 | 363.00 |

(Average 1924-25-26=100)

| MOODY'S | June 30 | June 29 | Month ago | Year ago |
|---|---|---|---|---|
| Spie Commdty | 883.5 | 884.2 | 909.4 | 895.2 |

(December 31, 1931=100)



## CONTRACTS AND TENDERS



مكتبة الأصل

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN COMPANIES

## Energy confidence at Ruhrgas

BY ADRIAN DICKS BONN, June 30.

RUHRGAS, West Germany's largest natural gas distributor with 55 per cent. of the market, expressed confidence in the long-term security of supplies, thanks to a policy of continuing diversification.

Out of the Federal Government's target of 87m. tons' coal-equivalent to be provided by the gas industry in 1985 towards total energy needs, some 85m. tons is already assured, Ruhrgas chairman, Herr Klaus Liesen, said in Essen to-day.

In addition to plentiful natural gas supplies during the remainder of this century, Herr Liesen said the way was still open for a greater contribution to he made by synthetic gas derived from coal.

During the past year, Ruhrgas raised deliveries of natural gas by 9.6 per cent. to 263.5bn. KWH, or 52.7bn. cubic metres. Sales to local utilities and distributors rose 9.4 per cent and those to direct industrial customers by 7.3 per cent. However, Ruhrgas stated it had cut prices on some new sales contracts by as much as 5 per cent. in response to uneven market conditions.

The company increased its profits from DM41m. to DM55.3m. and will pay a DM8.50 (17 per cent.) dividend to its shareholders, most of whom are West German subsidiaries of the oil majors, together with the domestic Veba energy group and the country's largest coal mining group, Ruhrkohle.

During the past year, Ruhrgas has been able to raise domestic West German natural gas supplies by 7.3bn. KWH. Deliveries have begun from Gelsenberg's concession at Borkam/Juist.

In addition, a supply agreement has been signed for supply of some 50 per cent. of the output of the Tor Field in the Norwegian continental shelf, amounting to about 49bn. KWH. Herr Liesen added that deliveries of gas from Ekofisk, long delayed, were now expected to begin by the end of this month.

Together with Gaz de France, Ruhrgas has also now set up Megal, the company which is to build and operate the pipeline bringing Soviet and Iranian natural gas from the German-Czechoslovak frontier to the German-French frontier, with a branch to the German-Austrian frontier.

turnover figure was 25.7 per cent. up at DM.322m.

Herr Heinz Nixdorf said that there were no short term plans for the companies shares to be traded on the country's stock exchanges. This would definitely not take place in 1977 or 1978 but a move to sell shares to the public could well take place before 1983.

However, there are plans to issue shares to the company's employees. It was planned to increase the company's nominal DM.96m. capital to DM.100m. and offer the newly created shares to the staff. The shares will have the dividend rights from July 1 this year and will carry a guaranteed dividend of 8 per cent. It was a medium-term target, said Herr Nixdorf, for some 15 per cent. of the company's equity to be held by the staff.

### Nixdorf order book expands

NIXDORF COMPUTER, the West German computer manufacturer, to-day reported a steep increase in orders during the first half of the year. Compared with the position at the half-way mark last year, the concern's order book advanced by 22.6 per cent.

Orders placed in the first six months were up by 20.3 per cent. compared with the first half of 1976 to DM.302m., and the group's order book now stands at DM.589m. (£140.5m.) compared with DM.464m. 12 months ago.

Turnover in the first half rose by 11.3 per cent. from DM.256m. to DM.285m. (£70.4m.). When figures for the newly acquired U.S. subsidiary are included the

### Recovery at Flachglas

FLACHGLAS AG Delog-Detag, one of the leading West German glass making concerns, made a strong recovery in 1976 after two years of heavily declining sales reports Guy Hawtin from Frankfurt. The first four months of the current year also indicate that the healthier trend in the group's business is continuing, said a report out to-day.

Turnover in 1976 rose by 15.3 per cent. from DM.551.3m. to DM.635.9m. (£157m.), and came close to equalling out the decline of the two previous years. Profits showed a massive improvement increasing from 1975's miserable net earnings of DM.3.8m. to DM.34.9m.

This is great news for shareholders who, last year, were on very short commons. The group's management is proposing to the July 29 annual meeting a dividend of 15 per cent. or DM.7.50 per DM.50 nominal share, after 1975's 3 per cent.

After an allocation of DM.14.8m. to open reserves, distributed profits will total DM.20.3m.—a far cry from the previous year's DM.4.1m. Things also look like being pretty good this year if the group manages to maintain the progress of the opening four months, when turnover was up 16 per cent. on the same period of 1976.

### Axel Springer profits rise

AXEL SPRINGER Verlag, West Germany's largest newspaper publishing house, to-day reported large increases in both sales and profits for 1976 reports Guy Hawtin. The group, which owns the popular Bild Zeitung and the middle-brow "Die Welt—West Germany's only truly national newspapers — said that business this year was satisfactory "all things considered."

Turnover last year rose by 12 per cent. from DM1.27bn. to DM1.43bn. (£353.1m.), while profits went up by just over 45 per cent. from DM25.7m. to DM37.3m. (£9.2m.). Some DM10m. was allocated to reserves which were brought up to just under DM79m.

## Jacques Borel sees more losses to come

Financial Times Reporter

JACQUES BOREL International SA, the financially troubled French hotel group, gloomily confesses that its 1977 loss will easily exceed the deficit of Frs.53.7m. reported last year.

Measures now being taken to restore group profitability, the company's shareholders were told at yesterday's annual meeting in Paris, will only begin to be felt in 1978.

Last May, the company disclosed a 1977 first quarter consolidated loss of Frs.34.5m. This deficit was very nearly three times the loss of Frs.12.3m. seen in the same period of 1966 and, representing 64 per cent. of the total 1976 shortfall, made it clear that all the difficulties were not yet over.

Addressing shareholders, the company refused to forecast any actual 1977 deficit. However directors spelt out a number of separate steps now being taken to contain the slide.

Jacques Borel said that it will limit investments to operations already started or to ones "considered absolutely indispensable."

Insisting that it will immediately move to renegotiate all contracts with oil companies and the French Government, company officials said that overseas investments will be limited to those located in Egypt, Iran, Morocco and Brazil.

The company added that the recent decline in the Jacques Borel share price will force certain group subsidiaries holding shares to make new provisions for portfolio depreciation.

Tha resignation last month of M. Jacques Borel, the company's founder and group chairman, for personal reasons was confirmed. His successor was named as M. Bernard Trezenem, who is currently deputy managing director of BSN-Gervais Danone.

## Peugeot-Citroen expects slower second half

BY ROBERT MAUTHNER PARIS, June 3

PEUGEOT-CITROEN, motor car company, to-day announced in its annual report that, although production and sales were at a very high level in the first few months of this year, prospects for the second half of 1977 were less favourable.

In the first three months of this year, Peugeot and Citroen production combined totalled 414,490 vehicles, a rise of 10.7 per cent. over the same period last year. New domestic registrations of Peugeot and Citroen cars during the first quarter were up by 9.9 per cent. over the first three months of 1976, but this was less than the rise of 13 per cent. in total new registrations.

Exports, on the other hand, rose by much more than the national average—29 per cent. compared with 19.8 per cent. for total. French car exports. For 1977 as a whole, exports are expected to exceed last year's figure, even though the rate of increase for the remaining months of this year is expected to be lower than in the first half as a result of the slack economic climate.

In 1976 the group's world production amounted to 1.5m. vehicles, a year-on-year rise of 11.9 per cent. of Peugeot's and Citroen's combined production in 1975 before they were merged into one company. Exports last year totalled 745,700 vehicles, up by 2.7 per cent. over 1975 and equal to 50.7 per cent. of the group's total sales.

Tha report confirmed earlier reports that the Peugeot-Citr group had made a consolid net profit of Frs.1.427bn. (ab £170m.) last year on turnove Frs.35bn. Parent company pr amounted to Frs.357.6m.

### Upturn at Clu Mediterranee

CLUB MEDITERRANEE, French holiday resort operat announces sharply higher pr and sales for the six mo ending last April.

The group reports first profits before tax of Frs.17. up 36 per cent. on the Frs.12 seen last year. Sales rose per cent. to Frs.443.6m. f Frs.356m.

## Siber Hegner looks for growtl

BY JOHN WICKS ZURICH, June 3

GROUP TURNOVER of the international trading concern Siber Hegner is this year budgeted to reach a record figure of some Sw.Frs.1bn. Last year, sales of the Zurich-based group rose by 23 per cent. from Sw.Frs.708m. to Sw.Frs.872m. and thus more than compensated for the 17 per cent. setback experienced in the 1975 recession.

Turnover was not, however, quite back to the record figure of Sw.Frs.890m. booked in 1973, when there was particularly heavy demand on Far-Eastern markets.

Profits of the family-controlled group were unsatisfactory over the past two years, according to Ralph H. Gautier, board chairman of Siber Hegner Holding AG. The group's profit figure, which is not published, should be better for 1977, he added.

In the first quarter of this year, turnover increased by 21 per cent. over the corresponding period of 1976, while gross profits rose by only 7 per cent. because of heavy competition. Gautier said the company would like pre-tax profits equal to 50 per cent. of annual expenditure.

In future, the group is to concentrate activities on Europe and the Far East, already its major fields of activity. With regard to the acquisition, announced in June, of a substantial shareholding in the Swiss watch concern Societe Suissa L'Industria Horlogere (SS of Geneva, Gautier said that move did not affect Hegner's fundamental polic remain a trading company.

Among its other activi Siber Hegner is responsible the marketing of "Om watches in Switzerland

## Compensation by Ciba subsidiary

THE SWISS chemical firm Ciba-Geigy said to-day that its Japanese subsidiary had agreed to compensate patients who contracted a disease after taking certain anti-diarrhoea medicines, reports Reuter from Basle.

In June last year Ciba-Geigy admitted there was "a causal relationship" between some of its anti-diarrhoea medicines containing the drug clioquinol, and the disease SMON, an abbreviation for Subacute Myelo-Optico-Neuropathy.

The announcement from Ciba-Geigy headquarters to-day said an estimate of the financial implications was not yet possible, though the subsidiary, Ciba-Geigy (Japan) Limited and its partner, Takeda Chemical Industries, expected to cover about one-third of the damages involved.

## Fox bids for Midwest bottler

BY CANDACE CUNIBERTI NEW YORK, June 30.

TWENTIETH CENTURY-FOX has taken its first step in a long anticipated diversification effort. The U.S. distributor and producer of motion pictures for cinemas and television announced a $27.5m. offer to acquire Coca-Cola Bottling Midwest.

The offer of $36 per share to the Minneapolis based soft drink bottler for each of its 1.06m. outstanding shares has been approved by the boards of the two companies. A special meeting of Midwest's shareholders is scheduled for August or September, and an affirmative vote of two-thirds of the shares is necessary to give final approval to the bid. Already Midwest's chairman and president have assured Fox that they will surrender their 28 per cent. interest in the company.

This is the first time that Fox has moved into a field outside of the entertainment industry. In 1975, the company acquired two television stations—it had already owned one for some time. The purchases were a success, and last year netted $8.3m. on revenues of $22.9m., and Fox is now hoping to add two more VHF stations to its operations, bringing the total to five, or the maximum number permitted by law.

Mr. Philip I. Meyer, director of corporate affairs, said that the movie-maker has for some time been looking at other industries related to leisure time and entertainment, but ones that would offer earnings stability and decrease the volatility that goes hand in hand with feature films.

While Mr. Meyer contends that the Midwest acquisition would have occurred despite the now fabled success of the recent Fox film, "Star Wars," he admits that if the film is as successful as some projections indicate it will enable the company to move ahead more rapidly in a diversification programme.

Some projections suggest the film may bring in as much as $125m. in world wide rentals over the next two-and-a-half years. As a result some analysts have pushed projected earnings for Fox to $4.5 a share for 1977 and 1978. Fox earned 47c. a share in 1975, and $3.97 a share in 1976.

Company spokesmen say that they are not following the moves of the entertainment conglomerates, such as Warner and MCA, although most companies in the entertainment industry have sought to even out its boom and bust cycle with the acquisitions of firms that bring stable earnings and reliable growth records. Fox plans to stick to companies that are consumer product oriented.

## Expansion by Juvena

BY OUR OWN CORRESPONDENT ZURICH, June 30.

THE SWISS cosmetics concern Juvena, which is controlled by the British-American cosmetics subsidiary of the BAT group, has booked an 18 per cent. increase in sales since the start of this year and is back in the profits zone.

For the group consisting of Juvena, Gainsborough and the Swiss toiletries firm Binella, turnover rose 15 per cent. since January 1. The new Juvena division of British-American Cosmetics reports a particularly good development on the German market and intends to continue what is called an "expansive course."

The remaining Swiss holding company Juvena Holding AG of Volketswil, will show an anticipated loss for the financial year ended June 30, 1977, due to restructuring costs.

## KPA bribes probe

BY JOSEPH MANN CARACAS, June 30.

THE LOWER house of the Venezuelan Congress has asked Venezuela's Attorney General to investigate a charge that the Kellogg Pan American Corp. (KPA) had allegedly paid some $350,000 in bribes or commissions in its dealings with the government owned petrochemical institute, the IVP.

Kellogg, an American firm, has been responsible for overseeing construction of the government's El Tablazo petrochemical complex in Zulia state. The El Tablazo site already has absorbed hundreds of millions of dollars in state funds but has thus far failed to work on a regular basis. The IVP—Instituto Venezolano de Petroquimca—controls development of El Tablazo and all other petrochemical projects in Venezuela, but is now being reorganised by the government.

The government already carried out an investigation of Kellogg after charges were made that the company installed over a thousand metres of pipeline at El Tablazo which was allegedly out of specification. Although Kellogg denied any wrong doing in the matter, the equipment was replaced.

## ASSI hardboard closure

AKTIEBOLAGET Statens Skogsindustrier (ASSI), the State owned Swedish forest industry concern, is planning to close down the hardboard plant at Lövhölmen, not the Kraftliner factory in the same place, as reported in the Financial Times on June 23.

The management wishes to stop hardboard production by the end of 1978 and has started discussions with union representatives over the future of the plant's more than 200 employees.

ASSI made a £14.5m. offer for Britain's Dolan Packaging earlier this month as part of a plan to secure outlets for its Kraftliner on the British corrugated board market.







هكذا من الأصل

# Multinationals speed up payments from S. Africa

BY RICHARD ROLFE

JOHANNESBURG, June 30.

A NUMBER of U.S. multinational companies operating in South Africa are believed to be speeding up remittances of dividends and profits from the Republic, and some banking sources have indicated that there has been an increase in applications for the required exchange control approval.

Total dividend outflows from South Africa amounted to R400m. in 1976, the last year for which figures are available, but the bulk of this can be attributed to foreign holders of gold shares and De Beers. Foreign payments of the De Beers dividend alone are currently about R30m.

Dividend patterns among the U.S. multinationals are mixed, in that some such as Caltex, which made R12m. net in 1976, make a 100 per cent. payout. Others such as IBM work to a much lower payout, with IBM's 1976 figures showing a net profit of R10.7m. and dividend totalling R4.2m.

IBM said this week that it "remits a consistent percentage of its profits and does not intend to change that percentage." It is believed, however, that at least one big multinational may raise its payout this year from 60 per cent. to 100 per cent.

It is difficult to determine whether the motives for increased remittances are political or financial. But it is at least certain that multinationals have been forced to take a hard look at their dividend policies by a provision in the last Budget, which ironically seems to have been intended to staunch the capital outflow.

The Finance Minister announced that foreign-controlled companies would only be allowed to declare dividends to their overseas shareholders out of profits earned after January 1975, where previously the cut-off date had been January 1960. Moreover, the cut-off date will be moved forward every year in future, giving companies a two-year period of grace. This means they now have to gauge carefully what to declare out of 1975 profits, or they will be locked in next year.

One company which has raised its dividend dramatically has been Otis, the local subsidiary of the United Technologies group, whose payment was nearly 200 per cent. up on the previous year's. Whether other companies, U.S. or European controlled, will do the same remains to be seen.

## Debt figures rejected

BY BRIDGET BLOOM

SOUTH AFRICA'S overall indebtedness is not as large as recent figures published by the Bank of International Settlements suggest, according to Senator Owen Horwood the South African Finance Minister in London yesterday.

According to the BIS, South Africa's overall indebtedness to financial institutions in the group of ten countries is $7.6bn. of which $3.4bn. matures this year.

However, Senator Horwood said that the latter figure, in particular, was on the "high side." A "fairly substantial part" of the debt maturing this year had already been repaid, he said, and since the overall figure also included trade credits the position "is not as bad as it looks."

## Swire Properties deal

SWIRE PROPERTIES has bought the entire share capital of Sutherland Properties from Cheung Kong (Holdings), which itself bought the private company earlier this year from Jardine Matheson unit Gammon (Hong Kong) reports our Hong Kong Correspondent.

# Compagnie Financiere de Suez bank move

By Michael Blanden

THE London banking operations of the major French financial and industrial holding company, Compagnie Financière de Suez, are being merged, it was announced yesterday.

M. Michael Caplain, chairman of the holding company, explained in London yesterday that the move would permit easier control and administration of the operations in the City and at the same time provide scope for a further extension of their international activities.

The two London operations involved are Banque de Suez (U.K.), the banking subsidiary of Banque de l'Indochine et de Suez, and the latter's London branch. The holding company is the 100 per cent. shareholder of the French bank.

## Fitzwilton sale approved

SHAREHOLDERS in Fitzwilton, the Irish investment group, today approved the sale of Thomas Dockrell Sons its construction business, for £5.7m., reports the company.

Mr. Tony O'Reilly, deputy chairman, said in Dublin that, following the sale of the construction, soft drinks and plastics divisions, shareholders' funds will be some £13m. and Fitzwilton will have £6m. in cash available to deploy in secure income-yielding investments. This will be against a nil borrowing background, thus assuring the company's asset backing and dividend capability.

In addition to the cash base, the company will have £1m. in securities in the form of loans to Goulding Chemicals.

NUOVO PIGNONE

# Facing a nuclear future

BY PAUL BETTS, IN ROME

NUOVO PIGNONE, the Florence-based high technology subsidiary of the state energy group, ENI, is to start production in September of compressors needed for the enrichment of uranium by gaseous diffusion. This process depends on forcing uranium, as a gas, through very fine filters known as diffusion barriers. A commercial-size diffusion plant would need thousands of compressors.

This marks perhaps one of the most ambitious projects undertaken so far by the company, once a leader in the compressor field. But it was forced to close down in the late fifties owing to chronic financial difficulties. It has since been taken over by ENI following a personal initiative of the then mayor of Florence, the "mystical" Sig. Giorgio La Pira, who claimed he heard "voices," a bit like Joan of Arc, calling for the state rescue of the bankrupt Florence group.

For several years ENI effectively failed to grasp the potential of Nuovo Pignone. But it has now turned the company round and achieved one of the most successful state salvage operations in a country where state rescues have often been extremely hazardous and uneconomical.

**For several years ENI effectively failed to grasp the potential of Nuovo Pignone. But it has now turned the company round and achieved one of the most successful State salvage operations in a country where State rescues have often been extremly hazardous and uneconomical.**

Nuovo Pignone has returned to profitability, posting a small profit last year of L350m. (about £230,000), and its latest venture through its Turbomeccanica subsidiary in the uranium enrichment sector has already secured orders for L200bn. (about £130m.) until 1981. The uranium enrichment compressors to be built at a L10bn. plant in Bari, in the deep south of the country, are principally earmarked for the Eurodif enrichment project at Pierrelatte in the south of France, in which the Italians have a major participation alongside France, Spain, Belgium and Iran.

In Italian terms, the Nuovo Pignone initiative into the uranium enrichment sector falls into the wider framework of the country's nuclear energy plan, which has been one of the issues of the current all-party political talks here for the formulation of a common government programme.

Italy's heavy reliance on oil imports, representing an annual bill of some $U.S.10m. in turn seriously dislocating the country's trade balance, has highlighted the importance of the nuclear energy plan strongly opposed by a growing number of environmentalists. The anti-nuclear lobby in Italy has recently stepped up its protests staging a number of demonstrations including the repeated blocking of the main Rome-Genoa railway line.

ENI, however, points out that eventually for every L100 of electricity produced from nuclear energy, only L30 would represent the cost of raw material imports and of foreign licences and technology, while L70 would be absorbed by domestic industry involved in the processing of nuclear energy. On the other hand, according to the ENI argument, for every L100 of oil-produced electric power, L70 at present goes towards paying for crude imports.

At the same time, although there is increasing concern here on the current political guarantees demanded by the U.S.—which together with Canada, Australia and South Africa hold the major bulk of uranium deposits so far discovered outside the East bloc—there are now understood to be studies in Italy for the extraction of uranium from the sea. As one ENI source pointed out, should the producer countries fix prices of more than U.S.$100 for every pound of uranium, at present standing at around U.S.$30 a pound, serious consideration would be given to the extraction of uranium from the sea. An increase of up to U.S.$100 a pound, however, could, it is believed, just about be economically borne by the country.

In Italy, only one uranium mine has so far been discovered in the northern area of Bergamo with estimated deposits of 1,500 tonnes, enough to feed a 1,000MW power station for a ten-year period. The present Italian nuclear energy plan envisages the construction of four 1,000MW power stations in the near future and a further four at a later but not too distant stage.

Nuovo Pignone is also active in another branch of the energy programme. It is currently devising a domestic solar energy heating and cooling system which could eventually be adopted in new housing units. This, in effect, conforms with the country's programme of domestic energy conservation. Nuovo Pignone also intends to exploit solar energy in agriculture, to assist, in particular, specialist production of certain vegetables and flowers in greenhouses.

But for Nuovo Pignone, solar energy is above all a means to penetrate the potentially rich new markets of the Middle East. The company is working on a number of projects for regions with a high annual input of sunshine. These include the use of solar energy to operate water pumps and small power stations with capacities of up to 10MW.

In this respect, Nuovo Pignone falls into the broad ENI plan to step up the exporting capacity to the Middle East of its various subsidiaries. The State holding group is now in effect proposing to establish a trading company modelled on the Japanese pattern, to sell packages to technology and boost the foreign sales of its companies. Last year, for instance, 62 per cent. of Nuovo Pignone's turnover of L.193bn. was accounted for by foreign sales.

## Write-down at Alitalia

ROME, June 30.

ALITALIA, Italy's State airline, posted a loss last year of L40bn. (about £27m.) compared to a loss of nearly L50bn. the previous year.

The company will write-down its capital from L100bn. to L60bn. through a reduction of the nominal share value. It subsequently agreed to increase the capital to L120bn. through a rights issue.

Alitalia's general manager, Sig. Umberto Nordio, claimed to-day that the company has chances of breaking even next year if labour relations improved.

MEDIUM-TERM LOANS

# Morocco raising $100m.

BY FRANCIS GHILES

A NUMBER of loans which have been in the pipeline for some time are now coming to the market: the Banque Nationale pour le Développement Economique of Morocco is raising $100m. for six years at a spread of 1½ per cent. Lead managers are BAII and UBAF. The terms are slightly tighter than those obtained by the State phosphate company OCP last February when it raised money for seven years on the same spread.

A $300m. loan for Finland was signed in Helsinki yesterday. Eighteen north American banks are in the syndicate which is led by Bank of America and Morgan Guaranty. The seven year standby credit offers a spread of 1 per cent. for two years and 1¼ per cent. for the subsequent five. Finland has benefited from the fall in interest rates witnessed of late in the market.

Colombia is back in the market. The seven year loan for Polioleñnas Colombianas has been increased from $25m. to $28m. and carries a spread of 1⅞ per cent. over Libor. It is guaranteed by the state oil company Ecopetrol. Lead manager is Credit Commercial de France.

Bulgaria is in the market for $100m. for five years at a spread of 1½ per cent., conditions which are identical to those of the previous loan it raised in the Euromarket. The Czech Foreign Trade Bank is also understood to be looking for $150m. Terms should be very close to those obtained by its eastern neighbour.

The first private Chilean borrower to raise money without state guarantee, is Compania Manufacturera de Papeles y Cartones, in the market for $24m. for five years carrying a spread of 2¼ per cent. over Libor. Lead manager is Libra Bank.

## SELECTED EURODOLLAR BOND PRICES
## MID-DAY INDICATIONS

| | Bid | Offer |
|---|---|---|
| **STRAIGHTS** | | |
| Alcan Australia 8½pc 1989 | 100¾ | 101¼ |
| Australia 8½pc 1991 | 101¾ | 102½ |
| Australian M. & S. 9½pc 1992 | 100¾ | 101¼ |
| Bowater 9½pc 1992 | 100 | 100¾ |
| Canad. N. Rwy. 8¾pc 1986 | 101 | 101¾ |
| Credit National 8¾pc 1986 | 99 | 99½ |
| Denmark 8½pc 1984 | 101½ | 100¾ |
| ECS 9pc 1995 | 101¼ | 102 |
| EIB 9½pc 1992 | 100¾ | 101 |
| EMI 9½pc 1989 | 101¼ | 102¼ |
| Ericsson 8½pc 1989 | 100¼ | 101 |
| Esso 8pc 1986 Nov. | 100¾ | 103¼ |
| Gt. Lakes Paper 8¾pc 1984 | 100¼ | 101 |
| Hamersley 9½pc 1992 | 103½ | 104¼ |
| ICI 8½pc 1987 | 99¾ | 100¾ |
| ISE Canada 9¼pc 1986 | 105½ | 106¼ |
| Macmillan Bloedel 9pc '92 | 101 | 101½ |
| Massey Ferguson 9¼pc 1991 | 104½ | 105 |
| Michelin 9½pc 1988 | 103½ | 104 |
| Midland Int. Fin. 8½pc '86 | 101½ | 102¼ |
| Nat. Westminster 9pc 1986 | 103 | 103¾ |
| Newfoundland 9pc 1989 | 102¼ | 103¼ |
| Norges Komm. Bank 8½pc 1992 | 98½ | 99½ |
| Norpipe 8½pc 1989 | 100¾ | 101¼ |
| Norsk Hydro 8½pc 1992 | 98 | 99½ |
| Oslo 9pc 1988 | 102¾ | 103¼ |
| Ports Autonomes 9pc 1991 | 100¾ | 101¼ |
| Prov. Saskatch. 8¾pc 1986 | 102 | 102¼ |
| Quebec Hydro 9½pc 1986 | 100 | 100¾ |
| Reed International 9pc '87 | 101 | 101½ |
| Skand. Enskilda 9pc 1991 | 101½ | 102¼ |
| SKF 8pc 1987 | 98 | 98¾ |
| Sweden (Kingdm.) 8½pc '87 | 99 | 99¼ |
| United Biscuits 9pc 1989 | 101½ | 100¾ |
| Volvo 8pc 1987 March | 97¼ | 98 |
| **NOTES** | | |
| Australia 8½pc 1982 | 103 | 103¾ |
| Bell Canada 7¾pc 1987 | 100¼ | 101 |
| Brit. Columb. Hydro 7¾pc 1985 | 97¾ | 98¼ |
| Can. Pac. 8½pc 1984 | 100¾ | 101¼ |
| Dow Chemical 8pc 1986 | 103¼ | 104 |
| ECS 7¾pc 1982 | 98¼ | 99 |
| EEC 7¾pc 1982 | 98¼ | 99 |
| EEC 7¾pc 1984 | 97¼ | 98 |
| Enso Gutzeit 8¾pc 1984 | 98 | 98½ |
| Gotaverken 9pc 1982 | 100¾ | 101¼ |
| Kockums 8pc 1983 | 100¼ | 101¼ |
| Michelin 8¾pc 1983 | 101¼ | 102 |
| Montreal Urban 8¾pc 1981 | 101½ | 102¼ |
| Nat. Coal Board 8¾pc 1987 | 101½ | 102¼ |
| New Brunswick Prov. 8¾pc 1983 | 102¾ | 103¼ |
| New Zealand 8¾pc 1986 | 101½ | 102 |
| Nordic Invest. Bank 7¾pc 1984 | 97 | 97½ |
| Norway 7¾pc 1982 | 98 | 98½ |
| Ontario Hydro 8pc 1987 | 99¾ | 101¼ |
| Singer 8¾pc 1982 | 102¼ | 102¾ |
| S. of Scot. Elec. 8¾pc 1981 | 100¾ | 101¼ |
| Sweden (Kingdm.) 7¾pc '82 | 99 | 99¼ |
| Swedish State Co. 7¾pc '82 | 99 | 99½ |
| Tenneco 7¾pc 1987 | 96¾ | 97¼ |
| Volkswagen 7¾pc 1987 | 99¾ | 99¾ |
| **D. MARK BONDS** | | |
| Austria 6½pc 1985 | 102¼ | 107 |
| BFCE 7pc 1987 | 100¾ | 101½ |
| Denmark 6¾pc 1983 | 100¼ | 102 |
| EIB 6¾pc 1984 | 101¼ | 102¼ |
| ICI 7½pc 1986 | 102¼ | 102 |
| Kobe (City) 6½pc 1987 | 98¼ | 99½ |
| Nornea Gas 7pc 1989 | 100¾ | 101¼ |
| Norsk Hydro 6½pc 1989 | 98 | 99½ |
| Norway 6¾pc 1982 | 102 | 102¾ |
| Shell 6¾pc 1989 | 103½ | 104 |
| Sweden 6¾pc 1984 | 100 | 100¾ |
| Voest 6¾pc 1989 | 98½ | 99½ |
| World Bank 6¾pc 1987 | 96 | 95½ |
| **FLOATING RATE NOTES** | | |
| Bank of Tokyo Hldg. 1981 6¾pc | 100¾ | 101½ |
| BFCE 1988 6¾pc | 99½ | 99¾ |
| BNP 1983 6¹⁄₁₆pc | 98½ | 98¾ |
| CCF 1983 7pc | 100¾ | 100¾ |
| CGMF 1984 6¹³⁄₁₆pc | 97¾ | 98 |
| Creditanstalt 1981 7pc | 100¼ | 101 |
| Credit Lyonnais 1982 6¾pc | 99½ | 100¼ |
| DG Bank 1982 6¾pc | 99¼ | 99½ |
| GZB 1983 6pc | 98 | 98¼ |
| Int. Westminster 1984 6pc | 98½ | 99 |
| Lloyds 1983 7¼pc | 101 | 101½ |
| LTCB 1982 6¾pc | 99¼ | 99½ |
| Midland 1982 8pc | 102¼ | 103 |
| Midland 1987 6⁹⁄₁₆pc | 98 | 98½ |
| OKB 1983 6¾pc | 99½ | 99¾ |
| SNCF 1985 6¾pc | 98 | 98½ |
| Standard & Chartered '84 6¾pc | 98¼ | 98¾ |
| Wm. & Glyns 1984 6¾pc | 98¼ | 100 |
| Source: White Weld Securities. | | |
| **CONVERTIBLES** | | |
| American Express 4¾pc '87 | 85 | 87 |
| Ashland 5pc 1988 | 97 | 99 |
| Beatrice Foods 4¼pc 1992 | 98 | [illegible] |
| Beatrice Foods 4½pc 1992 | [illegible] | 109 |
| Borden 5pc 1992 | 98½ | 100¼ |
| Broadway Hale 4¾pc 1987 | [illegible] | 85½ |
| Canon Camera 7¾pc 1983 | [illegible] | — |
| Carnation 4pc 1987 | 87¾ | 89¼ |
| Chevron 5pc 1988 | [illegible] | [illegible] |
| Dart 4¾pc 1987 | [illegible] | [illegible] |
| Eastman Kodak 4½pc 1988 | 94 | 95 |
| Economic Labs. 4¾pc 1987 | [illegible] | [illegible] |
| Fed. Dept. Stores 4¾pc '85 | [illegible] | 169 |
| Firestone 5pc 1988 | 89½ | [illegible] |
| Ford 6pc 1986 | [illegible] | 122 |
| Ford 5pc 1988 | 90 | 92 |
| General Electric 4¼pc 1987 | [illegible] | 93 |
| Gillette 4¾pc 1987 | [illegible] | [illegible] |
| Gould 5pc 1987 | [illegible] | [illegible] |
| Gulf and Western 5pc 1988 | [illegible] | [illegible] |
| Harris 5pc 1992 | [illegible] | [illegible] |
| Honeywell 6pc 1986 | [illegible] | [illegible] |
| ITT 4¾pc 1987 | [illegible] | [illegible] |
| Komatsu 7¼pc 1990 | [illegible] | [illegible] |
| J. Ray McDermott 4¾pc '87 | [illegible] | [illegible] |
| Mitsubishi Elec. 7¼pc 1991 | [illegible] | [illegible] |
| Mitsui 7¼pc 1990 | [illegible] | 109 |
| J. P. Morgan 4¾pc 1987 | [illegible] | [illegible] |
| Nabisco 5½pc 1988 | [illegible] | [illegible] |
| Owens Illinois 4¼pc 1987 | [illegible] | [illegible] |
| J. C. Penney 4¼pc 1987 | [illegible] | [illegible] |
| Pioneer 6¾pc 1989 | [illegible] | [illegible] |
| Raymond 8¾pc 1983 | 153¼ | 155½ |
| Revlon 4¾pc 1987 | [illegible] | [illegible] |
| Reynolds Metals 5pc 1988 | [illegible] | [illegible] |
| Sperry Rand 4¾pc 1987 | [illegible] | [illegible] |
| Squibb 4¾pc 1987 | [illegible] | [illegible] |
| Texaco 4¾pc 1988 | [illegible] | [illegible] |
| Toshiba 6¾pc 1990 | [illegible] | [illegible] |
| Union Carbide 4¾pc 1982 | [illegible] | [illegible] |
| Warner Lambert 4¾pc 1987 | [illegible] | [illegible] |
| Warner Lambert 4¾pc 1988 | [illegible] | [illegible] |
| Xerox 5pc 1988 | [illegible] | [illegible] |
| Source: Kidder, Peabody Securities. | | |

# WALL STREET + OVERSEAS MARKETS

# Index rises 2.9 on inflation optimism

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 30.

A FIRM trend prevailed on Wall Street to-day, following a more favourable outlook on inflation and interest rates.

The Dow Jones Industrial Average rallied 2.97 to 916.30 and the NYSE All Common Index recovered 20 cents to $55.10, while rises led falls by 830-to-343. Trading volume expanded 410,000 shares to 19.41m.

Investors were encouraged by yesterday's Agricultural report of a 1 per cent. drop in U.S. Farm Prices.

The Federal Reserve report of a rise in Money Supply for the week ended June 22 came too late to have any effect on the Stock Market.

According to the Fed's report, Basic Money Supply rose by $1.5bn. while the more broadly defined aggregate, M-2, was up by 2.8bn.

The Ceneral Bank also reported a 19m. decline $in U.S. Business Loans for the week ended June 29.

THURSDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Brit. Petroleum | 382,900 | 18¼ | — |
| Texas Inst. | 294,500 | 11 | +⅛ |
| Reynolds Metals | 218,900 | 38¼ | −⅛ |
| Kennecott Copper | 189,800 | 30 | +1 |
| Hercules | 188,900 | 18⅛ | −⅛ |
| Occidental Petrolm. | 182,600 | 29⅜ | −⅛ |
| Amer. Tel/Tel | 172,100 | 63⅞ | — |
| Rockwell Intl. | 160,300 | 32⅛ | −4⅜ |
| Avco | 143,700 | 17⅞ | −⅛ |
| Phillips Petrolm. | 129,300 | 31 | −1 |

A report by the Commerce Department of a 0.1 per cent. drop in U.S. Factory Orders during May was virtually ignored by investors.

British Petroleum was the most active issue, held unchanged at $18¼. The British Government earlier this week reduced the number of BP shares available to the U.S. public because of strong demand by small investors in Britain.

Kennecott Copper rose $1 to $30—it completed the sale of Peabody Coal.

Searchlight advanced $3 to $51¼. Olin put on 6¼ to $42 on a two-for-one stock split, while Sun Co. were up $1 at $45 after raising its dividend.

U.S. Steel rose $1 to $39⅞, Eastman Kodak $1 to $59⅞ and Fairchild Camera $¾ to $27⅞.

Among Oils, Superior Oil jumped $9½ to $208½ and Getty Oil were lifted $3¼ to $204¼. General American Oil added $2¼ at $69.

THE AMERICAN SE Market Value Index moved up 0.74 to 120.32, while the volume rose to 3.20m. (2.55m.) shares.

## OTHER MARKETS

### Canada better

Canadian Stock Markets were mostly better in active trading yesterday.

The Gold Share Index moved up 9.0 to 996.1, Oil and Gas 6.1 to 1190.3, Utilities 1.16 to 161.72 and Papers 0.10 to 97.81, but Metals and Minerals gave way 3.6 to 1048.0 and Banks shed 0.56 to 236.46.

Canadian International Power "A" added $¾ at $21⅛ before being halted pending details on the distribution of assets of the company.

PARIS—Market firmed, with the ¼ point fall to 8¼ per cent. in Call Money and the cancelling of the proposed OPEC 5 per cent. oil price rise helping sentiment.

Foods, Motors and Construction were particularly strong.

Peugeot rose Frs.4.9 to 239.9, despite saying it might have to revise downwards production and profit forecasts.

Jacques Borel were steady at Frs.120, although it expects higher losses this year.

Golds were strong, while other Foreign issues were mixed.

BRUSSELS—Mixed to lower, with slight profit-taking.

In Foreign stocks, U.K. issues rose, Germans fell, Dutch and French shares were little changed, Canadians eased slightly, while U.S. stocks were mixed.

Golds rose.

AMSTERDAM — Market was mixed in quiet trading, with Dutch Internationals slightly firmer.

Shippings also were slightly firmer. Banks rose but Insurances were lower, while Trading and Industrial shares were narrowly mixed.

State Loans were very steady. The latest Fls.300m. issue traded around 100.70 against its issue price of 100.90. The Fls.100m. NMB Loan is expected to be easily placed, dealers said.

GERMANY—Mostly higher in more active trading. Brokers said the general atmosphere was positive and most gains were scored in late trading. One reason for a boost in investor confidence was a recent report from Bayer on 1977 prospects, which was more optimistic than mid-year reports from BASF and Hoechst.

Countering this, however, was the dollar's sharp drop in the Foreign Exchange Markets which is worrying German exporters.

Major Chemicals firmed by slightly over DM1, but side issues were mixed. Major Banks were lifted by up to Dm.2.20.

The Bond Market was firmer. Public Authority Bonds closed up to Dm.0.45 higher with the Regulating Authorities selling Dm.15m. nominal of stock. Foreign Mark Loans were generally firmer.

STOCKHOLM—Generally steady.

COPENHAGEN — Firmer in more active dealings.

OSLO—Quiet.

SWITZERLAND—Slightly higher in quiet trading.

In Banks, Kreditanstalt Bearer rose, while Winterthur improved among Insurances.

Juvena Holding showed no reaction to its statement; it still expects a loss for the year.

In a quiet Foreign sector, Dollar stocks and Dutch Internationals were narrowly mixed. Germans edged mostly lower, particularly Volkswagen.

SPAIN—Market continued to drift ahead of expected imminent announcement of new Cabinet.

Union y Fenix remained weak at 300, as did the rights at 280.

VIENNA—Well maintained.

MILAN—Generally higher, with operators encouraged by the Italian Coalition Party's agreement on Wednesday and reports of an improved May balance of payments deficit.

Most Industrial and Financial leaders gained ground. Bonds were fairly steady in quiet trading.

JOHANNESBURG—Gold shares were firmer in line with the higher bullion price, but gains were small.

"Heavyweights" rose about 25 cents, while "medium" and "lightweight" issues put on up to 10 cents.

Mining Financials were harder in line with Producers. Union Corporation featured gaining 22 cents to R3.77 on London and U.S.

HONG KONG—Slightly higher in increased trading.

Hong Kong Land were up 5 cents to $HK7.15, New World 2 cents to 1.39, Hutchison 2½ cents to 3.40, Swire Pacific "A" 5 cents to 6.95, Hong Kong Electric 5 cents to 5.30, Hong Kong and Kowloon Wharf 20 cents to 15.40, and Hong Kong Dock 10 cents to 12.00.

But China Light lost 16 cents to 21.20.

TOKYO—Lower on sporadic liquidation in Export-Oriented shares affected by the further appreciation of the Yen and the continued fall on Wall Street. Volume 160m. (170m.) shares

Electricals and Motors fell sharply initially but some tended to recover towards the close on "cheap" buying. TDK Electronics lost Y20 to 1630 but Victor added Y27 at 997.

Precision Instruments continued on offer.

AUSTRALIA—Firmer, with Pancontinental gaining 15 cents to $A12.15 and Queensland Mines 10 cents to 2.60. Peko-Wallsend put on 28 cents to 5.90.

Ex Industries were up 5 cents to 2.90 and ACI 4 cents to 1.81, while BHP advanced 14 cents to 6.36.

Bank of NSW rose 4 cents to 3.24, National Bank 2 cents to 2.92 and Myer 2 cents to 1.98.

## Indices

### NEW YORK —DOW JONES

[illegible]

### STANDARD AND POORS

[illegible]

N Y S E ALL COMMON

| June 30 | June 29 | June 28 | June 27 | 1977 High | 1977 Low |
|---|---|---|---|---|---|
| 55.19 | 54.98 | 54.94 | 55.34 | 57.07 (4/1) | 52.66 (31/5) |

| Rises and Falls | June 30 |
|---|---|
| Issues Traded—1,843 | Up—830 |
| Down—545 | Same—468 |
| New Highs 25 | New Lows 15 |

MONTREAL / TORONTO / JOHANNESBURG

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ● Frs.500 denom. unless otherwise stated. ‡ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents.

Investment premium based on $2.60 per £—114% (114¼%).

## OVERSEAS SHARE INFORMATION

### NEW YORK

[illegible]

### CANADA

[illegible]

### GERMANY ♦ / AMSTERDAM / COPENHAGEN ♣ / VIENNA / TOKYO‡ / BRUSSELS/LUXEMBOURG / SWITZERLAND● / MILAN / AUSTRALIA / PARIS / STOCKHOLM / OSLO / BRAZIL / JOHANNESBURG / SPAIN ♥

[illegible]

# + FOREIGN EXCHANGES

# Dollar erratic

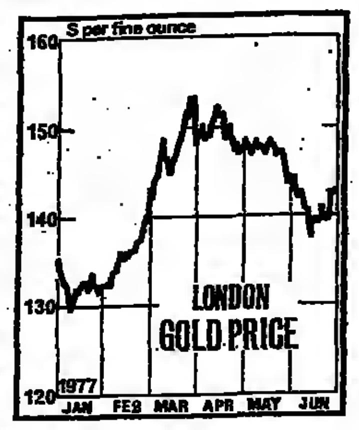
Conditions in yesterday's foreign exchange market remained fairly quiet for most of the trading period. During the early part of the day, the U.S. dollar threatened to continue its recent decline, however pre-week-end considerations may have prompted some central bank intervention in order to stabilise the rate, and with New York opening, the dollar erased some of its earlier losses gaining over the West German mark at DM2.3410 from DM2.3390 and the Swiss Franc at Sw.Frs.2.4645 against Sw.Frs.2.4635, while losing out to the Dutch guilder from Wednesday's close of Fls.2.4830 to last night's Fls.2.4760.

The dollar's trade weighted average depreciation as calculated by Morgan Guaranty of New York, using noon rates, widened to 1.48 per cent. from 1.42 per cent.

While the dollar lost ground early on, the Japanese yen appeared to strengthen and although at the close it showed a small loss to Y267.45 against Y267.20, the currency still showed an underlying firmness stemming from efforts to reduce Japan's extremely large trade surplus.

Amid all this Sterling traded quietly, and despite suffering against the dollar to close at $1.7195-1.7199, a loss of 13 points, its trade weighted average index which the Bank of England calculates, remained unchanged throughout at 61.3. The Bank may have entered the market both ways but only on a small scale.

Gold spent an uneventful day improving $1 an ounce to $143¼. The Krugerrand finished at $146-148 (£85-86) for domestic delivery. Its premium over the gold content narrowed to 2.71 per cent. domestically and widened to 3.58 per cent. in international dealings over the previous common close of 3.24 per cent.




GOLD MARKET

[illegible]

SPECIAL DRAWING RIGHTS RATES

[illegible]

## EXCHANGE CROSS-RATES

| June 30 | Frankfurt | New York | Paris | Brussels | London | Amst'd'm | Zurich |
|---|---|---|---|---|---|---|---|
| Fr'nkf't | — | 2.3387-97 | 47.54-59 | 6.48-49 | 4.020-028 | 94.45-52 | 94.91-98 |
| N. York | 42.69-71 | — | 20.29-35 | 2.7733-47 | 1.7196-7201 | 40.38-40 | 40.53-56 |
| Paris | 210.34-54 | 4.9132-9252 | — | 13.637-671 | 8.463-473 | 198.80-9.10 | 198.81-.11 |
| Brussels | 15.40-44 | 36.02-06 | 7.32-34 | — | 61.94-62.04 | 14.55-59 | 14.63-66 |
| London | 4.021-03½ | 1.7196-99 | 8.454-462 | 61.95-62.10 | — | 4.25½-26½ | 4.23½-24½ |
| Am'd'm | 105.745-795 | 2.4712-37 | 50.26-31 | 6.8545-95 | 4.2525-75 | — | 100.495-545 |
| Zurich | 105.26-33 | 2.4622-65 | 50.08-12 | 6.8375-84½ | 4.2370-95 | 99.46-54 | — |

U.S. $ in Montreal U.S. $=105.91-95 Canadian Cents
Canadian $ in New York C $=94.37-39 U.S. cents. U.S. $ in Milan 884.70-80.
Sterling in Milan 1521.70-1522.20.

## EURO-CURRENCY INTEREST RATES*

| June 30 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | W. German mark | Swiss franc |
|---|---|---|---|---|---|---|
| †Short term | 7¼-7½ | 5¼-5½ | 5¾-6¾ | 1½-2 | 4-4¼ | 1-1¼ |
| 7 days notice | 7⅝-7⅞ | 5⅜-5⅝ | 6¼-7¼ | 1½-2 | 4-4¼ | 1¾-2 |
| Month | 7¾-8¼ | 5⅝-5⅞ | 6⅝-7 | 2½-2¾ | 3[illegible]-4[illegible] | 3⅛-3⅜ |
| Three months | 8¾-9¼ | 5⅝-5⅞ | 6⅞-7¼ | 3⅝-3⅞ | 3[illegible]-4[illegible] | 3⅛-3¼ |
| Six months | 9½-10 | 6-6¼ | 7-7⅜ | 4⅜-4⅞ | 4[illegible]-4[illegible] | 3⅝-3¾ |
| One year | 10⅛-10⅝ | 5¼-6⅛ | 7¼-7⅝ | 5⅜-5⅝ | 4[illegible] | 3¾-3⅞ |

Euro-French deposit rates: two-day 9-9¼ per cent.; seven-day 9-9⅗16 per cent.; one-month 9¼-9½ per cent.; three-month 9¼-9¾ per cent.; six-month 9½-9¾ per cent.; one-year 10⅛-10⅜ per cent.

Long-term Eurodollar deposits: two years 6¾-6⅞ per cent.; three years 7-7¼ per cent.; four years 7¼-7½ per cent.; five years 7½-8 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 5⅟16-5⁹⁄16 per cent.; three-month 5⁹⁄16-5¹¹⁄16 per cent.; six-month 5¹¹⁄16-5¹⁵⁄16 per cent.; one-year [illegible] per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs.

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

STOCK EXCHANGE REPORT

# Leading equities little changed but Gilts down again

## Index 0.1 harder at 456.3—Good debut for City Hotels

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jun. 13 | Jun. 23 | Jun. 24 | July 5 |
| Jun. 27 | July 7 | July 8 | July 19 |
| July 11 | July 21 | July 22 | Aug. 2 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets made a dull start yesterday and, although leading shares ended with little change on balance, the overall tone at the close was still uncertain. Small offerings in an unwilling market caused widespread losses to ⅝ in British Funds and the Government Securities index gave up 0.30 for a three-day fall of 0.80. Some nervousness in foreign exchange markets was an adverse influence and although sentiment was cheered a little by the settlement of the dispute at Ford's Dagenham plant, buyers of Gilt-edged were again restricted by the implications of the situation at the Grunwick film-processing company.

Trade was further reduced as measured by official markings of 4,718 as compared with Wednesday's 5,002 and Tuesday's 6,067, and a further fall-off in business in BP shares was reflected in respective markings in the Oil sector of 481 against 707 and 1,280. BP fully-paid shares firmed 8 to 934p with the partly-paid up 5 at 380p. Other new issues were topical with yesterday's successful debut in City Hotels, which started life at 73p and touched 79p in a reasonable turnover before ending at 77p for a premium of 17 on the placing price of 60p, the heavy over-subscription of the Sotheby offer-for-sale, announced yesterday, and the rise of 12 more to 340p in LASMO Oil Production Stock units ahead of the company's offer of 8.5m. Ordinary shares at 155p each.

After being 2.1 down at the 10 a.m. calculation, the FT Industrial Ordinary share index hardened to show a net rise of 1.0 at 1 p.m. before drifting down for a net rise of only 0.1 at 456.3. Gains in FT-quoted equities were in a three-to-two majority over falls, while the FT-Actuaries three main indices were all a shade better.

### Funds dejected

A rather dejected market in British Funds had to endure persistent small selling from holders becoming increasingly more concerned about the repercussions of the Grunwick situation. Demand was negligible and with the market unwilling to take stock the tone eased progressively until a late slight rally which, in the event, was short-lived. Thus, in the unofficial dealings both the longs and the shorts were at the day's lowest with the former showing falls extending to ⅝, the partly-paid Treasury 11¾ per cent. 1991, being that much down at 13⅛. Shorter maturities were up to ⅜ down, usually in the higher-coupon issues such as Exchequer 12¼ per cent. 1981, at 106¼. Losses of that amount were also sustained by Corporations, while Southern Rhodesian bonds gave up a point or so reflecting a lack of buying interest.

A slightly firmer opening tone in the investment currency market gave way immediately and the premium drifted down from 115 to 114 per cent., at which level the volume of business improved. Orders, however, were evenly matched and the rate closed at the latter figure for a fall of ⅝ on the day. Yesterday's SE conversion factor was 0.7063 (0.7059).

City Hotels made a successful debut yesterday, improving from an opening level of 72p in a fairly brisk trade to close at 77p, after 79p; this represents a premium of 17 on the offer-for-sale price of 60p.

### Overseas Banks firm

Apart from scattered improvements among overseas issues, the Banking sector had little to offer. Further consideration of the dividend payment helped Standard Chartered improve 2 more to 332p, while Commercial Bank of Australia gained 7 to 267p; the latter's preliminary results are due on July 28.

A fresh bout of speculative enthusiasm engendered by rumours that National Chemical Industries is soon to announce revised bid terms, possibly of 130p per share, for Concrete forced the latter up to a 1977 peak of 120p before a close 7 higher on the day at 118p. Bryant Holdings, the holder of a 30 per cent. stake in Concrete, hardened a penny to 28p in sympathy. Buyers came for International Timber ahead of the annual results (announced on July 14 last year), and the price rose 4 to 106p.

ICI softened a couple of pence to 406p in quiet Chemicals, where Albright and Wilson contrasted with an improvement of that much to 113p.

### GEC improve

In anticipation of good annual results, due next Tuesday, GEC performed slightly better than most leaders and rose 5 to 202p. Thorn issues, also ahead of results due a week from to-day, attracted buyers and the Ordinary, 320p, and A, 31p, gained 11 apiece. Reyrolle Parsons, on the merger situation with Clarke Chapman, became a steadier market and recovered 3 to 171p, while Clarke Chapman were unaltered at 80p. Farnell Electronics, remained in demand at 177p, up 4, and Racal gained 8 to a 1977 peak of 424p.

Ahead of to-day's first-half figures, Blackman and Conrad, in Stores, ran into speculative selling which reflected concern about the dividend and touched 27p before rallying late to close a net 3 down on the day at 30p.

Further speculation about shipbuilding compensation prospects (vesting day is to-day), prompted some good gains within the sector. Swan Hunter, additionally aided by news that the group has sold its Wallsend shiprepair yard to British Shipbuilders and that all future work for Swan is to get State priority, put on 11 to 121p. Yarrow rose 14 to 202p and Hawthorn Leslie 5 to 71p, while Vosper improved 2 to 165p and Richardson Westgarth, with the help of investment comment, hardened the turn to 54p. Engineering leaders closed quietly firm with Tubes 4 up at 428p. John Brown and Vickers both ended 3 harder at 218p and 189p respectively. Elsewhere, Renold gained 7 to a 1977 peak of 147p on the results and appearance of a brokers circular, while buying in a thin market prompted a gain of 4 to 14p, after 15½p, in Whitehouse. London and Midland hardened 3 to 60p on the annual figures, Serck were wanted at 103p, up 6, and British Steam Specialities improved 5 to 80p.

Press comment on the preliminary figures contributed to a reaction in J. Lyons which, at 91p, gave up 4 of the previous day's gain of 6; the company has sold its interest in the Tower Hotel, London, to EMI in a 5.5m. share deal. Elsewhere in Foods, British Sugar improved 15 to 445p in anticipation of good interim figures on July 20. Tavener Rutledge contrasted with a decline of 3 to 122p, while Tate and Lyle, 206p, and Cavenham, 112p, both closed around 2 cheaper. Pending fresh news of the current merger talks, Matthews Holdings shed 2 to 53p. Trust Houses Forte continued firmly in Hotels and Caterers, rising 3 to 156p for a three-day gain of 16: the interim statement is expected on July 5.

### De La Rue wanted

Speculative demand in a thin market lifted De La Rue 17 to 517p. Other miscellaneous industrial leaders generally closed a penny or two lower. Unilever declined 8 to 488p, but Reed International were a better market at 192p, up 4. Among secondary issues, Lep Group featured with a rise of 12 to 217p, while Boosey and Hawkes were good again at 164p, up 8. Ovenstone Investments were quoted 3½ higher at 32½p at 11.25 a.m. when the quotation was suspended at the company's request pending the outcome of certain negotiations which may prove to be beneficial to shareholders. Braby Leslie, easier at 73p in front of the results, picked up on the announcement to close unaltered on balance at 78p. Lower interim profits depressed Thermal Syndicate by 8 to 122p, while profit-taking after the recent rise on the bid situation left L. Lipton 2 lower at 98p; bidders Lex Services advanced 2½ more to 61p. Disappointment in the absence of a statement regarding bid talks was reflected in a fall initially to 200p in Redfearn National Glass, but the shares staged a rally later to close a net 5 down at 204p. Rockware, however, remained firm at 121p, up 2. Further consideration of Wedgwood's encouraging statement with the interim figures lifted I. Barget 3 to 22p. Christies also improved 6 to 70p, encouraged by the heavy over-subscription of Sotheby Parke Bernet Group in which dealings are expected to commence next week. Other good features included gains of 3 in Aaronson, 66p, Ega, 56p, and Gestetner A, 151p.


### LASMO highlight

Motors and Distributors passed a quiet session and closed with little alteration. Exceptionally, Lucas Industries lost 5 more to 283p on growing concern with the current labour dispute.

Wilson Brothers hardened 1½ to 24½p on the results but Morgan Grampian, at 105p, lost 5 of the previous day's gain of 8 which followed the record profits. After a quiet and uneventful trade, dealings in Beaverbrook Ordinary, 300p, and A, 67p, were suspended at 3.30 p.m. at the company's request pending an announcement; details of the agreed £13.69m. bid from Trafalgar House came later in the evening.

Business in British Petroleum's fully and partly-paid shares contracted further yesterday and movements were fairly narrow. However, some late U.S. interest enlivened trade and the Ordinary closed at the day's best of 934p, up 8, while the £3 paid shares ended 5 higher at 380p, after extremes of 373p and 382p. The highlight of the sector, however, was LASMO which responded well to details of next week's flotation of new Ordinary shares by gaining 12 to an all-time peak of 340p; companies with an interest in LASMO also did well with British Borneo 18 up at 184p, Cawoods, 8 higher at 138p, and National Carbonising 8 better at 67p. Shell, unaltered at 570p, steadied after Wednesday's fall of 12 caused by the Government's demand for the temporary closure of the Shell/Esso Brent field.

Properties were extremely quiet and little changed. Speculative interest was shown for Capital and Counties, in which Unicorp has a stake, and the shares advanced 5 to 38p. Carrington Investments, however, lost 5 at 92p.

James Finlay stood out in Overseas Traders with a rise of 10 to 246p in a thin market. E. Hoffnung welcomed Treasury confirmation that the company is exempt from U.K. dividend control with an improvement of 3 to 80p.

Hellenic and General featured on a quietly firm Investment Trust sector, rising 13 to 50p in light trading on the announcement that Hambros had acquired a substantial block of the company's shares from the National Bank of Greece and intended to make an offer for the outstanding equity. The loan stocks, which are excluded from the situation, nevertheless made modest headway, the 5 per cent. Preference hardening two points to £39; similar gains were seen in the 4½ per cent. and 5 per cent. Debentures at £60 and £50 respectively. In Financials, Kitchen Taylor finished a penny better at 22p on the first half return to profitability.

Lofs provided the focal point in Shippings, improving to 49p before closing 3 better on the day at 45p following the chairman's view of prospects. Small buying in thin markets left Walter Runciman 4 better at 108p and Hunting Gibson, 7 to the good at 252p.

Cawdaw came to the fore in Textiles, losing 4 to 29p after the preliminary figures. Hicking Pentecost shaded 2 to 76 p on further consideration of the results, while the annual lost left Shaw Carpets 4 cheaper at 21p. RKT Textiles contrasted with a rise of 3 to 47p on the first-half profits increase.

Warren Plantations moved into prominence in Teas, closing 8 better at 168p following news of the joint venture with SIPEF.

### Union Corp. up

Mining share markets enjoyed a much better day than of late with South African-based issues particularly in demand.

Aggressive buying from local and Cape sources prompted a rise of 18 in Union Corporation, which closed at 228p, after 230p, while UC Invests. advanced 15 in sympathy.

De Beers came in for good support from most quarters, notably the U.S., and closed 8 higher on balance at 268p, after 270p; the latter were also helped by Press comment concerning the Jwaneng diamond prospect in Botswana.

Other South African Financials to register good gains included Anglo American, 6 better at 258p, Anglo-Vaal, 40 to the good at 880p and Gold Fields of South Africa, which put on 37½ at 925p.

The weakness of the U.S. dollar prompted a 50 cents gain in the bullion price to $143.125 per ounce and enabled South African Golds to recoup all of Wednesday's losses. The Gold Mines index recovered 3.1 to 111.4. Among the heavyweights rises ranged to around a half-point in Randfontein, £24¾ and Vaal Reefs, £10⅝ while lower priced issues put on up to 20 as in Blyvoor and Winkelhaak at 305p and 500p respectively.

Australians extended the previous day's rises in line with the better trend in overnight Sydney and Melbourne markets, which ended the Australian financial year on a bright note. Peko-Wallsend advanced 15 to 535p while EZ Industries and Hamersley were both 5 higher at 270p and 280p respectively. Thiess Holdings rose 4 to 204p.

The continued firmness of the metal price both in Penang and here prompted further gains in Tins. Geevor were 10 up at 305p, Southern Malayan 7 better at 190p and Tronoh another 2 to the good at a year's high of 187p.

## FINANCIAL TIMES STOCK INDICES

| | June 30 | June 29 | June 28 | June 27 | June 24 | June 23 | A Year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 67.89 | 68.19 | 68.31 | 68.69 | 67.96 | 67.96 | 63.06 |
| Fixed Interest | 68.31 | 68.45 | 68.52 | 68.15 | *68.01 | 67.88 | 66.30 |
| Industrial Ordinary | 456.3 | 456.2 | 458.2 | 459.5 | 449.6 | 444.9 | 396.6 |
| Gold Mines | 111.4 | 108.6 | 111.4 | 110.9 | 110.8 | 109.8 | 147.5 |
| Ord. Div. Yield | 5.15 | 5.15 | 5.13 | 5.12 | 5.25 | 5.30 | 5.67 |
| Earnings Yld.% (full) | 15.55 | 15.66 | 15.60 | 15.49 | 15.79 | 15.99 | 16.35 |
| P/E Ratio (net) (*) | 9.37 | 8.66 | 9.40 | 9.41 | 9.23 | 9.11 | 9.84 |
| Dealings marked | 4,718 | 5,002 | 6,067 | 4,436 | 4,148 | 4,534 | 5,725 |
| Equity turnover £m. | — | 35.23 | 128.60 | 70.14 | 64.68 | 51.59 | 44.13 |
| Equity bargains total | — | 13,598 | 28,112 | 14,623 | 14,276 | 11,637 | 9,684 |

10 a.m. 454.1. 11 a.m. 454.6. Noon 456.4. 1 p.m. 457.3. 2 p.m. 456.9. 3 p.m. 456.5.

Latest Index 01-246 8026.

*Based on 52 per cent. corporation tax. †Nil=9.39.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1977 High | 1977 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 71.48 (13/5) | 60.45 (4/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 71.19 (13/5) | 60.49 (4/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 477.4 (13/5) | 357.6 (13/1) | 549.2 (14/9/72) | 49.4 (26/6/40) |
| Gold Mines | 137.4 (7/1) | 90.1 (1/2) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | June 30 | June 29 |
|---|---|---|
| —Daily | | |
| Gilt-Edged | 150.9 | 132.6 |
| Industrials | 147.2 | 150.3 |
| Speculative | 32.5 | 68.1 |
| Totals | 107.4 | 116.8 |
| —Day's Average | | |
| Gilt-Edged | 166.0 | 132.8 |
| Industrials | 155.1 | 155.1 |
| Speculative | 37.1 | 37.9 |
| Totals | 114.0 | 111.4 |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1977 high | 1977 low |
|---|---|---|---|---|---|---|
| ICI | £1 | 15 | 406 | −2 | 412 | 325 |
| BP (Partly-paid) | £1 | 13 | 380 | +5 | 393 | 362 |
| BP | £1 | 13 | 934 | +8 | 956 | 776 |
| City Hotels "New" | 20p | 11 | 77 | — | 79 | 70½ |
| Shell Transport | 25p | 11 | 570 | — | 583 | 454 |
| Press (Wm.) | 5p | 10 | 54½ | −2 | 65½ | 34 |
| BATs | 25p | 9 | 277 | — | 307 | 235 |
| Barclays Bank | £1 | 9 | 280 | — | 285 | 225 |
| Capital & Counties | 25p | 7 | 38 | +3 | 38 | 19 |
| GEC | 25p | 7 | 202 | +5 | 204 | 163 |
| GKN | £1 | 7 | 347 | +1 | 362 | 277 |
| Lucas Inds. | £1 | 7 | 283 | −5 | 317 | 203 |
| Rank Org. | 25p | 7 | 190 | +2 | 216 | 128 |
| UDS | 25p | 7 | 64 | +1 | 76 | 53 |
| Albright & Wilson | 25p | 6 | 118 | +2 | 115 | 78 |

## NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

**NEW HIGHS (69)**

CANADIANS (2)
Bk. Montreal; Place Gas

BANKS (2)
Gerrard Natl.; Keyser Ullmann

BEERS (1)
Bass Charrington

BUILDINGS (3)
Concrete; Manders; Jones (Edward)

STORES (4)
[illegible]

ELECTRICALS (3)
[illegible]

ENGINEERING (12)
[illegible]

HOTELS (1)
[illegible]

INDUSTRIALS (17)
[illegible]

INSURANCE (2)
[illegible]

PAPER (2)
[illegible]

PROPERTY (1)
Cap. and Counties

SHOES (1)
Stead and Simpson A

OILS (1)
LASMO 'Ops'

TRUSTS (3)
Hellenic and Gen.; Throgmorton Gwt.; [illegible]

RUBBERS (2)
Kuala Kepong; Malakoff

TEAS (2)
Empire Plants.; [illegible]

MINES (2)
Gen. Mng.; Tronoh

**NEW LOWS (6)**

BRITISH FUNDS (1)
Treas. 11¾pc 1991 £15pd.

AMERICANS (2)
Amax; Bethlehem Steel

STORES (1)
Blackman and Conrad

SHIPBUILDERS (1)
Hawthorn Leslie

MINES (1)
Durban Deep

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | [illegible] | [illegible] | [illegible] |
| Corps. Dom. and Foreign Bonds | [illegible] | [illegible] | [illegible] |
| Industrials | [illegible] | [illegible] | [illegible] |
| Financial and Props. | [illegible] | [illegible] | [illegible] |
| Oils | [illegible] | [illegible] | [illegible] |
| Plantation | [illegible] | [illegible] | [illegible] |
| Mines | [illegible] | [illegible] | [illegible] |
| Recent Issues | [illegible] | [illegible] | [illegible] |
| Totals | 569 | 351 | [illegible] |

## MONTHLY AVERAGES OF STOCK INDICES

| | June | May | April | Mar. |
|---|---|---|---|---|
| **Financial Times** | | | | |
| Govmnt. Secs. | 68.19 | 69.86 | 66.91 | 66.14 |
| Fixed Interest | 68.45 | 70.21 | 68.67 | 67.30 |
| Industrial Ord. | 450.6 | 466.7 | 415.1 | 418.2 |
| Gold Mines | 112.6 | 112.5 | 117.2 | 121.9 |
| Dealings mkd. | 4,719 | 7,068 | 5,889 | 7,203 |
| **F.T. Actuaries** | | | | |
| Indust'l Grp. | 179.42 | 181.31 | 168.49 | 164.68 |
| 500-Share | 205.25 | 207.19 | 188.48 | 188.67 |
| Financial Grp. | 137.43 | 139.10 | 128.90 | 124.54 |
| All-Share | 187.14 | 188.92 | 174.28 | 172.89 |
| Red. Debs | 55.15 | 56.56 | 54.96 | 51.53 |

| | High | Low |
|---|---|---|
| Industrial Ord. | 459.5 (27th) | 441.8 (17th) |
| All-Share | 191.12 (28th) | 184.33 (21st) |





## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1977 High | 1977 Low | Stock | Closing Price p | + or − | Div. P. or Amount | Times covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 845 | 300 | — | 393 | 362 | BP (RLA's) £3 pd. | 380 | +5 | g21.77 | 1.4 | 3.3 | 32.8 |
| ¤60 | F.P. | — | 79 | 70½ | City Hotels 20p | 79 | ...... | P3.9 | — | 7.8 | 7.1 |
| ¤89 | F.P. | — | 99 | 89 | Forward Tech. Inds 50p | 94 | ...... | b6.7 | 1.1 | 11.0 | 12.6 |
| ♣ | F.P. | — | 92 | 83 | LWT 'A' | 99 | ...... | b6.09 | 2.6 | 10.5 | 5.6 |

### FIXED INTEREST STOCKS

| Issue Price | Amount Paid up | Latest Renunc. Date | 1977 High | 1977 Low | Stock | Closing Price | + or − |
|---|---|---|---|---|---|---|---|
| £100 | F.P. | — | 99 | 98 | Agric. Mortgage 10¾% 1979 | 89½ | ...... |
| £100 | F.P. | — | £100 | £100 | Agric. Mortgage 12½% 1980 | £100 | ...... |
| £97½ | £10 | — | 9 | 8⅝ | Birmingham (City of) 12¼% Red. 1985 | 8⅝ | −¼ |
| ** | £10 | — | 10 | 10 | East Surrey Water 8% Red Pref. 1982 | 10 | ...... |
| £100 | F.P. | — | 99 | 97½ | Folkestone & Dist. Water 12½% Deb. 1984 | 87½ | ...... |
| ** | F.P. | — | 99½ | 98½ | Mid Southern Water 8% Pref. '82 | 98½ | −½ |
| ** | £25 | — | £25½ | £25¼ | Newcastle & Gateshead Water 13% Rd. Db. 1984 | £25¼ | ...... |
| c$100 | F.P. | — | 100½ | 99 | Rank Overseas Hldgs 9½% Gtd. Notes '82 | 100½ | ...... |
| $100 | F.P. | — | $101½ | $98½ | Reed Intl. 9% Bonds 1987 | $101¼ | ...... |
| £99 | £25 | 1/7 | 25¾ | 25½ | Rickmansworth Water 13% Deb. 1984 | 25½ | ...... |
| £100 | F.P. | — | 98¾ | 98¼ | Standard Chartered Floating Rate Cap. '84 | 98½ | ...... |
| £99 | £60 | 12/8 | 49½ | 45¾ | Stockport (Met. Borough of) 12¼% Red. '85 | 46⅜ | −¼ |
| £99¼ | £10 | 28/10 | 10½ | 6 | Sunderland 12¼% Red. '84 | 6¾ | −¼ |
| ** | F.P. | 22/7 | 104 | 103½ | Sutton District Water 8½% Red. Pref. '82 | 103½ | ...... |
| $99.5 | F.P. | — | 102½ | 99½ | United Biscuit (UK) 9% Bds. 1989 | 102 | −½ |
| ** | F.P. | 22/7 | 104 | 103½ | Wrexham & E. Den. Water 8½% Red. Pref '82 | 103½ | ...... |

### "RIGHTS" OFFERS

| Issue Price p | Amount paid up | Latest Renunc. Date † | Latest Renunc. Date ‡ | 1977 High | 1977 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 110 | nil | 11/7 | 10/8 | 6pm | 5pm | Allied Retailers | 5½pm | +½ |
| 70 | F.P. | 20/6 | 22/7 | 98 | 86 | Amalgamated Power | 98 | ...... |
| 80 | F.P. | 23/6 | 5/8 | 85 | 81 | Aurora Hldgs. | 81 | ...... |
| 23 | nil | — | — | 5¼pm | 4¼pm | B.S.G. Intnl. | 4¼pm | ...... |
| 102 | nil | — | — | 16pm | 8pm | Baird (Wm.) | 14pm | −1 |
| 200 | nil | 6/7 | 5/8 | [illegible] | [illegible] | Bell (A.) | [illegible] | [illegible] |

[illegible]

## OPTIONS TRADED

**DEALING DATES**

| First Deal-ings | Last Deal-ings | Last Declara-tion | For Settle-ment |
|---|---|---|---|
| Jun. 21 | July 4 | Sep. 15 | Sep. 27 |
| July 5 | July 18 | Sep. 29 | Oct. 11 |
| July 19 | Aug. 1 | Oct. 13 | Oct. 25 |

*For rate indications, see end of Share Information Service.*

Calls were transacted in Town and City, Lonrho, Mettoy, Matthews Hldgs., Burmah Oil, Premier Consolidated Oil, Berry Wiggins, Inverzordon, Reyrolle Parsons, Rustenberg, Plessey, Swan Hunter, Fitch Lovell, Redfearn Glass, and Matthews Hldgs. A put was done in Beaverbrook A, while doubles were arranged in BP new, Ultramar and Matthews Hldgs.

## FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thurs., June 30, 1977 Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (Net) (Corp. Tax 52%) | Wed. June 29 Index No. | Tues. June 28 Index No. | Mon. June 27 Index No. | Fri. June 24 Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (170) | 184.54 | +0.5 | 17.74 | 5.77 | 8.24 | 183.58 | 183.82 | 184.23 | 179.22 |
| 2 | Building Materials (28) | 153.81 | +0.1 | 19.49 | 6.60 | 7.54 | 153.68 | 153.88 | 153.77 | 150.17 |
| 3 | Contracting, Construction (25) | 251.67 | −0.6 | 20.87 | 4.60 | 7.18 | 252.66 | 252.61 | 252.93 | 246.76 |
| 4 | Electricals (16) | 369.22 | +1.9 | 15.62 | 4.47 | 9.39 | 362.35 | 366.25 | 370.48 | 354.58 |
| 5 | Engineering (Heavy) (10) | 265.62 | +1.9 | 20.13 | 5.90 | 6.72 | 260.66 | 260.83 | 263.56 | 254.81 |
| 6 | Engineering (General) (67) | 165.91 | +0.4 | 17.38 | 6.53 | 8.46 | 165.32 | 164.94 | 165.99 | 161.79 |
| 7 | Machine and Other Tools (9) | 92.38 | +0.5 | 22.94 | 6.90 | 6.97 | 91.93 | 92.19 | 92.19 | 90.42 |
| 8 | Miscellaneous (21) | 153.54 | −0.1 | 17.10 | 6.69 | 8.26 | 153.72 | 152.54 | 151.45 | 148.49 |
| | CONSUMER GOODS (DURABLE) (52) | | | | | | | | | |
| 11 | | 172.37 | +0.5 | 16.69 | 4.97 | 8.86 | 171.53 | 172.13 | 173.09 | 169.96 |
| 12 | Lt. Electronics, Radio TV (15) | 198.84 | +1.4 | 15.85 | 3.77 | 9.99 | 196.10 | 195.66 | 196.67 | 190.71 |
| 13 | Household Goods (12) | 164.13 | +0.1 | 19.77 | 7.32 | 6.91 | 163.95 | 165.10 | 165.73 | 163.98 |
| 14 | Motors and Distributors (25) | 110.90 | −0.7 | 18.35 | 6.16 | 8.07 | 111.69 | 112.90 | 113.63 | 111.77 |
| | CONSUMER GOODS (NON-DURABLE) (172) | | | | | | | | | |
| 21 | | 178.25 | +0.1 | 16.42 | 6.19 | 8.86 | 178.08 | 178.71 | 178.12 | 167.97 |
| 22 | Breweries (14) | 182.56 | +0.1 | 15.57 | 6.77 | 9.71 | 182.33 | 182.28 | 188.49 | 177.47 |
| 23 | Wines and Spirits (6) | 193.58 | +1.2 | 13.27 | 5.99 | 11.61 | 191.26 | 190.63 | 189.50 | 184.89 |
| 24 | Entertainment, Catering (18) | 217.62 | +1.0 | 13.47 | 7.51 | 9.82 | 216.07 | 215.10 | 215.96 | 210.46 |
| 25 | Food Manufacturing (21) | 174.21 | −0.6 | 22.23 | 5.80 | 6.60 | 175.19 | 175.80 | 174.96 | 172.85 |
| 26 | Food Retailing (17) | 173.63 | −0.1 | 14.43 | 5.05 | 10.01 | 173.75 | 173.46 | 172.61 | 167.30 |
| 32 | Newspapers, Publishing (15) | 307.36 | −0.3 | 9.69 | 3.83 | 15.70 | 308.44 | 310.41 | 307.10 | 299.15 |
| 33 | Packaging and Paper (14) | 124.06 | +0.3 | 17.99 | 7.25 | 6.68 | 123.65 | 124.36 | 122.11 | 119.99 |
| 34 | Stores (38) | 146.61 | +0.1 | 12.10 | 5.18 | 12.53 | 146.51 | 147.65 | 147.26 | 143.47 |
| 35 | Textiles (24) | 170.91 | +0.8 | 19.72 | 7.46 | 6.98 | 169.52 | 171.01 | 172.82 | 167.50 |
| 36 | Tobaccos (3) | 217.55 | +0.2 | 20.94 | 6.26 | 6.05 | 216.07 | 213.98 | 216.94 | 209.95 |
| 37 | Toys and Games (5) | 101.54 | +2.1 | 12.98 | 6.19 | 7.29 | 101.58 | 102.29 | 102.09 | 98.84 |
| | OTHER GROUPS (96) | | | | | | | | | |
| 41 | Chemicals (17) | 257.40 | −0.3 | 14.55 | 4.67 | 9.70 | 258.24 | 258.92 | 259.29 | 253.36 |
| 42 | Office Equip. (6) | 141.08 | +0.3 | 16.69 | 5.67 | 7.75 | 140.75 | 140.32 | 140.92 | 135.93 |
| 43 | Shipping (10) | 486.58 | +0.3 | 15.74 | 5.75 | 8.42 | 485.34 | 489.74 | 492.08 | 485.83 |
| 44 | Miscellaneous (53) | 175.98 | +0.6 | 16.48 | 7.49 | 8.65 | 174.98 | 176.04 | 175.12 | 171.67 |
| 49 | INDUSTRIAL GROUP (495) | 182.95 | +0.2 | 16.46 | 5.66 | 8.60 | 182.55 | 183.16 | 183.11 | 178.67 |
| 51 | Oils (4) | 432.17 | +0.4 | 10.71 | 3.61 | 10.89 | 430.64 | [illegible] | [illegible] | [illegible] |
| 59 | 500 SHARE INDEX | [illegible] | +0.3 | 15.42 | 5.24 | 9.11 | [illegible] | [illegible] | [illegible] | [illegible] |
| 61 | FINANCIAL GROUP (100) | 139.67 | +0.1 | — | 5.85 | — | 139.59 | 139.66 | [illegible] | [illegible] |
| 62 | Banks (6) | 157.43 | −0.3 | 26.52 | 6.11 | 5.77 | 157.90 | 157.58 | 157.41 | 153.75 |
| 63 | Discount Houses (10) | 175.05 | +0.3 | — | 8.93 | — | 174.57 | 172.06 | 172.96 | 171.96 |
| 64 | Hire Purchase (5) | 141.03 | — | 6.61 | 5.28 | 30.63 | 140.97 | 140.43 | 142.69 | 136.25 |
| 65 | Insurance (Life) (10) | 108.29 | +0.2 | — | 7.47 | — | 108.10 | 108.84 | 107.72 | 106.42 |
| 66 | Insurance (Composite) (7) | 113.66 | +0.1 | — | 6.64 | — | 113.59 | 114.89 | 114.30 | 110.97 |
| 67 | Insurance Brokers (10) | 299.24 | +2.2 | 13.10 | 4.44 | 11.38 | 298.59 | 295.16 | 294.43 | 288.07 |
| 68 | Merchant Banks (15) | 66.47 | −0.1 | — | 6.43 | — | 66.55 | 66.36 | 66.16 | 65.81 |
| 69 | Property (31) | 189.05 | +0.4 | 4.41 | 3.12 | 36.65 | 188.23 | 190.75 | 190.75 | 191.79 |
| 70 | Miscellaneous (6) | 93.28 | +0.9 | 14.95 | 9.40 | 10.43 | 92.45 | 89.04 | 88.22 | 89.18 |
| 71 | Investment Trusts (50) | 167.78 | +0.1 | 3.42 | 5.04 | 29.21 | 167.62 | 168.09 | 166.96 | 163.21 |
| 81 | Mining Finance (4) | 89.90 | +1.4 | 17.09 | 6.04 | 6.87 | 88.69 | 89.92 | 91.01 | 88.96 |
| 91 | Overseas Traders (18) | 271.84 | −0.1 | 16.83 | 6.71 | 8.26 | 272.09 | 272.16 | 271.67 | 269.56 |
| 99 | ALL-SHARE INDEX (672) | 190.69 | +0.2 | — | 5.53 | — | 190.23 | 191.12 | 190.71 | 186.72 |

| | FIXED INTEREST PRICE INDICES — British Government | Thurs. June 30 | Day's change % | xd adj. To-day | xd adj. 1977 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 106.95 | −0.16 | — | 4.41 |
| 2 | 5-15 years | 110.81 | −0.61 | — | 5.81 |
| 3 | Over 15 years | 112.87 | −0.63 | — | 6.55 |
| 4 | Irredeemables | 116.60 | −0.82 | — | 7.24 |
| 5 | All stocks | 110.09 | −0.43 | — | 5.50 |

| | FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red. | | Thurs. June 30 | Wed. June 29 |
|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 7.62 | 7.59 |
| 2 | | 15 years | 11.39 | 11.26 |
| 3 | | 25 years | 12.44 | 12.33 |
| 4 | Medium Coupons | 5 years | 10.16 | 10.05 |
| 5 | | 15 years | 12.12 | 12.02 |
| 6 | | 25 years | 12.85 | 12.73 |
| 7 | High Coupons | 5 years | 11.08 | 10.94 |
| 8 | | 15 years | 13.25 | 13.16 |
| 9 | | 25 years | 13.47 | 13.37 |
| 10 | Irredeemables | | 13.48 | 13.38 |

| | | Thurs., June 30 Index No. | Thurs., June 30 Yield % | Wed. June 29 | Tuesday June 28 | Monday June 27 | Friday June 24 | Thurs. June 23 | Wed. June 22 | Tuesday June 21 |
|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb. & Loans (15) | 54.68 | †13.56 | 54.50 | 54.48 | 55.45 | 54.45 | 54.48 | 55.00 | *55.03 |
| 16 | Investment Trust Prefs. (15) | 61.73 | 13.84 | 61.73 | 61.74 | 61.74 | 61.97 | 61.97 | 61.73 | 61.83 |
| 17 | Coml. and Indl. Prefs. (20) | 70.25 | 13.13 | 70.27 | 70.19 | 69.89 | 69.46 | 69.42 | 69.87 | *69.83 |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p. * Corrected.

# Uranium and concern for the Aboriginals

BY PAUL CHEESERIGHT

THE PROSPECT of a more congenial future for the Aboriginal population of Australia's Northern Territory is closely linked with any decision the Commonwealth Government may make to permit uranium mining in the area.

An announcement of the Government's intentions is expected shortly now that the Prime Minister, Mr. Malcolm Fraser, has returned to Canberra from an overseas tour. One of his concerns has been to discuss with potential customers the conditions for future uranium sales.

That concern, allied to Mr. Fraser's May 24 statement of a policy on nuclear safeguards, is as good an indication as any that the Australian Government is moving towards a decisioo to permit mining at the Ranger deposit, owned by Peko-Wallsend, EZ Industries, and the Government itself, and perhaps later at the Pancontinental-Getty Oil deposit at Jabiluka.

The Aboriginals of the region have been traditionally opposed to mining, viewing it as aoother white man's intrusion into an area in which they have lived for at least 25,000 years as the only ethnic group regarding it as a permanent home.

On such a basis alone, uranium mioing may be seen as a hazard to the Aboriginals, but the Australian Government has been presented with the means to accommodate Aboriginal interests while permitting the development of a significant international energy resource.

The means are the provisions for mining laid down in the Ranger Uranium Environmental Inquiry Second Report, prepared by a Commission led by Mr. Justice Fox. Two Australian Governments have refused to make a mining decision before the completion of the report.

## Technology

The document itself is a long appraisal of the potential effects of mining on the regional environment considered in its widest sense. Its recommendations are a series of interlocking proposals related to ecology, mining technology, marketing and supervision, but based on a sensitive appreciatioo of Aboriginal welfare.

Indeed, the Fox report is complex enough to make it difficult to envisage any approach to it other than outright acceptance or rejection. It does not lend itself to piecemeal decisions.

The area covered by the report surrounds the Alligator Rivers and is to the east of Darwin, flanked on its north western side by Van Diemen Gulf. Two parts of it, Arnhem Land and Woolwonga, are already Aboriginal reserves. Ranger and Jabiluka are just to the west of the Arnhem Land reserve. There are two wildlife sanctuaries in the area.

Broadly, the report suggests that Aboriginals should be given title to the land in the area and that the preservation of their

"Aboriginals in the region have remained in physical and cultural isolation from other cultural groups until relatively very recent times."—Fox Commission report.

land sites, which have strong spiritual connotations, would be best secured by the creation of a national park in the region.

The report accepts that a town will be necessary to house mine workers, but the numbers living in it should be restricted with no provision made to accommodate tourists. Dislocation, in other words, should be kept to the minimum.

It was primarily to keep the disruption of the area to the lowest and most peaceable levels possible that the Commission argued for a sequential development of mining in the area: Ranger first, and then, if it is necessary, Jabiluka.

The idea of the national park is designed to protect the physical environment; the handing over of land titles to the Aboriginals is to strengthen their position in the area, and to enable them to exercise a measure of control over the mining.

The way was opened towards this course by the Aboriginal Land Rights (Northern Territory) Act, 1976. It provides, in effect, a way for the Aboriginals to claim ownership of land to which they have a traditional attachment. It is a significant recognition of the rights to self-determination of a section of the Australian population described in the Commission's report as "depressed and debased."

Land titles are vital to the Aboriginals. "Of all the relationships traditional Aboriginal man has with anybody or anything, the most important is that which binds him to a particular tract of land which he refers to as 'his country.' This is a religious bond. The people have a spiritual relationship with the species and physical features of their environment," the Commission says.

Aboriginals need the recommendation of a Land Commissioner to make claim for title of land and the Fox Commission was cast in the role of Commissioner. Its recommendations therefore go to the Minister for Aboriginal Affairs for final decision. Once the Aboriginals receive title, the Northern Land Council, set up to represent their interests, and originally established under Northern Territory legislation, will be able to negotiate terms of mining with such groups as gain a minerals lease in the area. This would mean, presumably, the payment of royalties for the use of the land.

In fact, there are only s[...] 800 Aboriginals in the [...] surrounding the prospec[...] mine sites and the trouble ta[...] to accommodate their inter[...] and the interests of the et[...] group generally, reflect [...] increasing Australian con[...] with a community which [...] been persistently disadvanta[...] in its contacts with the w[...] man.

The Fox Commission's [...] cern is parallel to efforts m[...] recently in other fields [...] improve the Aboriginals' s[...] dard of living while maintai[...] their cultural identity. T[...] expenditure has been incre[...] on education, special loans [...] available for home owner[...] and so on.

## Liberals

Liberals would say this [...] cern was belated. At the tim[...] the first European settlement [...] Australia, the Aboriginal p[...] lation was thought to be a[...] 300,000. Now it is about half [...] number, while the t[...] population of Australia is al[...] 13.5m.

The Commission relates [...] the Aboriginal population [...] Arnhem Land was decim[...] after contact with colonise[...] the latter part of the 19th [...] the early part of the 20th [...] tury. One group of 190 pe[...] was reduced to 60, largely [...] to the spread of tubercul[...] and leprosy.

Latterly the main prob[...] has been alcohol. "The fu[...] of these people will depen[...] large part on removing or [...] stantially reducing the ca[...] of this problem," the Com[...] sion says. There are no fe[...] than 21 reports on the Ab[...] ginal alcohol problem gathe[...] dust in the Government dep[...] ments of Darwin.

Arguing that the problem [...] largely a symptom of stress [...] not the reflection of g[...] inherent biological weakne[...] the Commission considers [...] there is now an opportunit[...] improve the situation. Mo[...] will be improved by the g[...] of land titles. The national [...] will help prevent intrusion [...] provide job opportunities [...] type compatible with [...] Aboriginals' traditional nom[...] life style.

Mining will, of course, [...] provide cash, which will, [...] hoped, provide a basis fo[...] more independent Aborig[...] existence. "We do not un[...] stand it to be the current [...] in the population at large [...] the Aboriginals should be [...] pected to abandon or mo[...] beliefs or change their life [...] They may well do both, bu[...] their own time and in [...] [...]," declares the Fox [...] mission.

هكذا من الأصل

# Swiss Capital Market

Switzerland is slowly—but it seems surely—emerging from the recession which has given the country its worst time since the war. This should lead in turn to a better economic climate for its traditional activity as a leading world financial centre.

## Hopes of a gentle upswing

By John Wicks
*Zurich Correspondent*

SWITZERLAND'S success in post-war years as a centre of international finance has been closely linked to its thriving economy, as well as to such other considerations as political stability and neutrality. But in the past two years the country's prosperity has taken a few knocks from which it will need some time to recover.

The 1975 recession was the biggest setback since the war for the Swiss Gross National Product declined by 1.5 per cent in nominal terms and by as much as 7.6 per cent in real terms, employment shrank by 6 per cent and most major industrial and trading concerns were faced by a noticeable drop in profitability. The hoped-for improvement was disappointingly modest during the course of last year; indeed industrial output as a whole and real-term GNP stuck at 1975 levels. The most that could be said for the economy was, in the words of the Government's Economic Studies Commission, that it developed less unfavourably than in 1975.

Seen from the outside, things might appear totally different. After all, the Swiss balance of payments surplus on current account jumped from SwFr 510m. to a record SwFr 6.68bn. in 1975 and, according to National Bank estimates, should come out even higher at SwFr 8bn. for 1976. Paradoxically, this development is largely the result of recession, the slump in domestic demand having hit import requirements so much as to slash the record foreign trade deficit of SwFr 7.58bn. in 1974 to a narrow gap of SwFr 840m. the following year and, in 1976, to yield the country's first export surplus since 1953. The capital export figure also expanded rapidly as a result primarily of the constant appreciation of the floating Swiss franc, while the services balance also improved.


*Trading on the Basle Stock Exchange.*

### Reverse

For the current year, the slow return to normalcy looks like bringing about the reverse trend. GNP is seen as likely to expand by 1.8 per cent in real and 0.3 per cent in price-weighted terms (inflation remaining negligible), while a reversion to the traditional deficit position in foreign trade should lead to a reduction in the balance of payments surplus.

Actual economic growth, however, will be only very gradual for a long time to come. A recent report by the Federal Bureau of Statistics says that 1978 will probably see a continuation of the current recovery, though not sufficient to bring about "a real upswing," while forecasts by the Swiss Bank Corporation pre-suppose real GNP growth rates of only 1½ to 2½ per cent annually up to 1981, continued stagnation in the hard-hit construction sector and below-average development of private consumption. It seems much longer ago than it actually was since the Swiss government was taking drastic steps to counter the ill-effects of a super-boom economy.

While the days of rapid economic expansion are over for Switzerland, there is now, in mid-1977, no lack of encouraging signs for more manageable growth. Despite a further decline in employment levels by some 1 to 1½ per cent this year, the Government sees Gross Domestic Product as improving by between 1½ to 2 per cent., thanks to a return to improved productivity last year and this. For the first quarter of 1977, figures for which have just been published, industrial output was 5 per cent above that for the corresponding period of last year, even though production volumes were down in the important chemical industry.

Exporters are doing rather better thanks to both better international demand and a stabilisation of the Swiss-franc exchange rate—now slightly below the trade-weighted peak it reached last year. For the first 5 months of 1977 Swiss exports were up 13.5 per cent. to SwFr 16.69bn. Imports rose 20.3 per cent. to SwFr174bn for the same period. As a result—not least of an 8.6 per cent increase in average prices—actually, export growth after price-weighting was more than that for imports.

With regard to major components of domestic demand, retail sales have perked up again after the doldrums of 1975 and 1976. Investment demand is expected to start improving in the medium term, although prospects are still gloomy for the building industry, which continues to suffer from a serious post-bonanza hangover. The public authorities remain big spenders for the time being but the rejection in a June 12 referendum of the introduction of VAT will have repercussions on Federal expenditure and, indirectly, on that of cantons and communes.

Of importance for the international capital market is the trend in inflation and interest rates in Switzerland over the coming months and years. In fact, there is no reason to expect any jump in Swiss rates to anything like an approximation of world levels in the foreseeable future.

### Slight

For the past 12 months the annual inflation rate in Switzerland has been of the order of only 1 per cent. The Government's economists expect a slight increase in this rate in the coming months as a result of increasing import prices and, to a certain extent, higher domestic producers' prices. In part these will result from the stabilisation of the Swiss franc rate. Wages are showing a very slight acceleration, too, albeit still with only very narrow improvements in real terms: in the first quarter of 1977, rates here were higher by some 1.3 per cent. than for the corresponding period of last year.

The large-scale reduction in jobs has been offset almost wholly up to now by the repatriation of foreign employees in the work force, and by a large number of Swiss — such as married women and the elderly —leaving their jobs, so that unemployment figures have fallen off substantially in the past year and are now equal to only 0.4 per cent. of t total work force.

There has also in rece months been an increase general interest rates. Ba deposit rates have shown a r increase and there has been marked rise in capital marl coupons. Despite this and t probable modest acceleration the cost-of-living indices, pri and interest rates will rem definitely low by internatio standards. To-day the bank ra admittedly not of the sa significance as in many otl countries, is only 2 per ce and has been since early Ju of last year. The National Ba has made it clear over and ov again that money supply a interest rate developments w not be permitted to cause a undesirable recrudescence inflation.

Some of the dynamic l undoubtedly gone out of t Swiss economy. The populati is no longer growing and l indeed recently shown its fi decline since the 1920s. Furth industrial expansion with Switzerland is difficult to s the least, and very few ma new projects are foreseen. T coming four years are likely see a further stagnation in j opportunities. Individual co panies and industrial secto used to success in the past, going through a very hard tin

But Switzerland is still a will remain one of the rich countries in the world, with o of the highest standards living. There is no social u rest, no political ferment, a no business slump around t corner to change this.

SWISS CAPITAL MARKET II

# The currency and money supply

"IN AN inflationary environment we must be conscious of the fact that we cannot simultaneously have a weak currency and price stsbility." It will surely come as a surprise to many that these words of warning were delivered by the Swiss National Bank President, Mr. F. Leutwiler, and concern the Swiss franc—the currency which has appreciated against virtually all others since the Smithsonian agreement of December 1971.

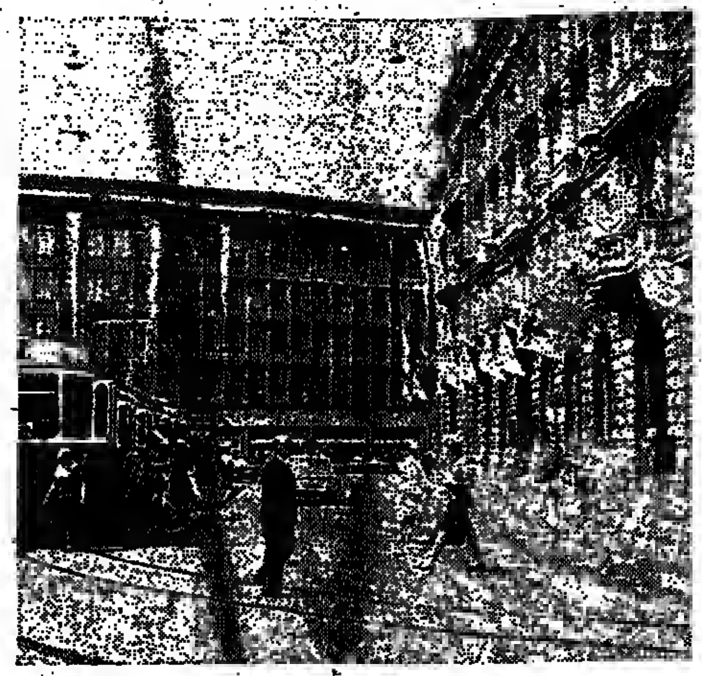
Barely more than a year ago, the spot rate for the Swiss franc, subjected to successive waves of demand, was swept up to a peak of $0.4197, bringing it to its highest point against the dollar aince early 1975, and nine per cent. up in less than six months. Worse still, from the Swiss point of view, the Swiss franc gained some eight per cent. against the Deutschemark in the first half of last year—and West Germany is by far Switzerland's biggest export market.

But June 21, 1976, may have been a watershed for the Swiss franc. Sbortly afterwards the National Bank introduced a number of additional measures aimed at further countering speculation in Swiss francs, announced that the Swiss currency was "definitely overvalued" and that to correct excbange rate diatortions interventinn on the foreign exchange markets would continue at "massive" levels if necessary.

During the early days last June the Swiss franc climbed down from its peak almost as smartly as a mountaineer in the face of an impending storm. By late July it had eased back against the dollar by five and a qnarter per cent. and was five and a half per cent. lower against the Deutscbemark. Swiss exporters were breathing just a little easier.

Throughout the latter balf of last year the going was easier with the gradual decline of the Swiss franc against the all-important D-Mark, although the rise in the latter, with funds flowing heavily into West Germany, tended to pull the Swiss franc up against the dollar.

With discouot and Lombard rates at the lowest level in a decade, and with general interest rates well below those in the rest of Europe, funds started flowing increasingly out of Swiss francs, taking the pressure off the monetary authorities. The long downward march of the Swiss franc has continued during the first months of this year.



*Zurich's Paradeplatz, centre of its banking district.*

Between the beginning of June last year and mid-May this year, the trade-weighted value of the Swiss franc against the currencies of its 15 main trading partners declined by more than 6½ per cent. At last year's peak this average was a full 20.5 per cent. up over the year before.

But just as the limits set on the growth of the Swiss money supply and the strong upward movement of the Swiss franc contributed in no small degree to the remarkable reduction in inflation, which by late 1976 was down to about 1 per cent. on an annual basis, the fear now is that a further depreciation of the Swiss franc and the concomitant rise in the price of imports will unleash a new inflationary push, with rapid repercussions on consumer prices and indexed salaries.

The Swiss National Bank and the Government in Bern attacb the highest priority to the further stabilisation of prices. For institutional reasons, however, it is not easy for the authorities to control the money supply. Since there is almost no paper to buy in Switzerland, growth in the money supply has to be handled largely through the purchase of foreign exchange. This is all very well when the Swiss franc is on the rise, but looks singularly different when it is declining in value against other currencies.

Last year the Swiss National Bank purchased foreign exchange to the tune of Sw.Frs. 19bn. In order to avoid jeopardising the 6 per cent. M1 monetary growth target for the year, these purchases were largely offset by the requirement that foreign borrowers of Swiss-franc convert the proceeds of their borrowings at the central bank. Such conversions amounted to Sw.Frs. 15.5bn. in 1976 and along with increased Government borrowings held the growth in M1 money supply to a real seven and a half to eight per cent. as compared with the targe

For this year the target : been fixed at 5 per cent., figure which was overshot the first month of the year i may be held now. The expec continuation of a high level capital exports will permit National Bank to continue intervenion policy aimed orderly foreign exchange m ket conditions for the Sw franc. But to expect to achi more than this, bank offici suggest, would be over-ambiti and would be at the risk spurring inflation.

In his statement to annual meeting of the Sw National Bank Mr. Leutwi pointed out that low inter rates, by stimulating capi exports, had had a significan moderating influence on upward trend of the Swiss fr against other currencies. Wh this was in line with the int national obligations of country with a strong posit balance, it would be wrong, suggested, to expect the cent bank to maintain such l interest rates on a perman basia. On the contrary, argued, money supply polic aimed at achieving stabil required a certain flexibility this field.

Mortgage rates, which rar between five and six per ce are something you do tamper with lightly in Switz land. But it is suggested t a gradnal increase in the sh of long-term, as opposed medium-term, funds preseo financing mortgages wo achieve the double objective greater stability and a wi margin of manoeuvre for central bank in its attempts influence the money sup through interest rates.

Mr. Leutwiler made a p for temporary increases interest rates for the sake more efficient control of mor supply policies. An out-and- cheap money policy, be ir cated, meant running the r of a double failure — hig inflation and higher inter rates.

**David E**

*Geneva Correspond*



# Spotlight turns on to fiduciary accounts

THE SERIOUS irregularities recently uncovered at the Chiasso branch of Crédit Suisse have directed a great deal of interest and attention, both in Switzerland and abroad, to the shadowy domain of fiduciary business administered by Swiss banks. A total of SwFr.2.17bn. of clients' funds, entrusted to the Chiasso branch on a fiduciary basis, was channelled into the Liechtenstein-registered holding company and quasi-bank Texon-Finanzanstalt instead of into the Euro-market and substantial losses were sustained in the process.

Fiduciary accounts are monies taken over by banks on a trustee basis for transactions in the name of the bank, but at the clients' risk. These transactions, for which banks charge a small commission, of between ⅛ and ½ per cent., can be in the form of investments, credits or corporate participations; they have become very popular in recent years in portfolio management business in the Euro-market. The main advantages are anonymity provided by the use of the bank's name as trustee and the fact that the investment yield is not subject to Swiss withholding tax in cases where a fiduciary contract has been drawn up according to the requirements of the Federal fiscal authority.

## Upswing

There has been a remarkable upswing in fiduciary business over the past few years. In 1960 the total value of Swiss banks' fiduciary business was some Sw.Fr.500m., or less than 1 per cent. of their aggregate balance sheet total. By last year foreigners' fiduciary accounts with Swiss banks stood at no less than Sw.Fr57.3bn. This compares with aggregate assets for the 71 banks reporting to the Swiss National Bank of Sw.Fr 267.7bn. but it does not form part of this figure, because since 1972 fiduciary accounts have been excluded from banks' balance sheets in that they do not represent a real engagement on the part of the bank. The foreign fiduciary liabilities of the banks reached SwFr49.8bn. in 1976, resulting in a surplus in this sector of business of some SwFr.7.5bn. for the year.

The foreign banks operating in Switzerland are particularly active in the fiduciary field, and have increased their stake in recent years. According to a statement made in June by the Association of Foreign Banks in Switzerland, their share in last year's SwFr57.3bn. was SwFrs 25.4bn. To put this in perspective, the 98 foreign banks have total assets equal to only 10 per cent. of the sum recorded for all banks. The growth rate, though still running at a goodly 11.1 per cent. in 1976 for the foreign banks (compared with 8.9 per cent. for all banks) is showing a downward trend, says the association.

The fact that portfolio management business in general is expected to expand more slowly probably means this deceleration will continue. Nevertheless, neither foreign nor domestic banks appear to have experienced a real decline in fiduciary business after the Chiasso disclosures. There may have been a certain shift in favour of reputable smaller and medium-sized banks.

In any case, as part of Swiss measures to limit flows of foreign funds into the domestic system, no new fiduciary accounts may be opened in Swiss francs. This rule is valid both in Switzerland and in Liechtenstein. Moreover—and and this is an important aspect of investigations into the Chiasso affair — fiduciary accounts cease to be fiduciary accounts when guarantees are granted and cease to be free withholding tax liability.

Credit Suisse is now faced with payment of both some Sw.Frs.220m. of withholding taxes and, with regard to Swiss franc accounts accepted since the introduction of the negative interest ruling, back-payment of the 10 per cent. a quarter negative interest on foreign-held Swiss-franc accounts. The bank has, incidentally, withheld 25 per cent. of the sums due to Chiasso branch clients — which it has decided to repay, at least to bona fide clients, despite the own-risk nature of fiduciary accounts — in order to cover these commitments.

In the wake of Chiasso both the Swiss authorities and the banking community are seriously considering whether the whole question of fiduciary accounts should not be reviewed. Of particular substance is the contention that individual banks' commitments in this sector are too hard to ascertain since the removal of this important item from the balance sheets in 1972.

## Sensible

The move to exclude them was a sensible one, not only because the nature of the accounts precludes a risk for the bank (Chiasso repayments are exceptional as being based on a moral obligation arising from irregularities by bank employees) but also because the inclusion of the fiduciary sums was swelling asset totals disproportionately and calling for excessive equity coverage. Now, however, it is felt that some sort of publication is desirable and perhaps necessary.

In this connection, National Bank president Dr. Fritz Leutwiler has wondered aloud whether fiduciary accounts should not be published "below the line" by individual banks. Some banks, like Swiss Bank Corporation and — in laudable detail — Banca del Gottardo, already do this. It seems possible, too, that the Bankers' Association, in its intended review of fiduciary accounts, guarantees and the like will discuss the question of having fiduciary funds put back into balance-sheets in some way.

There is also a belief in banking circles that new regulations could at some future date be passed to limit risks involved in trustee operations of this kind, but no confirmation can be found for this. In addition, risk limitation would seem a contradiction in terms for accounts in which risk is borne solely by the client. Admittedly the case is altered where guarantees are granted on fiduciary accounts but this is not standard practice in view of the withholding tax consideration.

The attention of auditors also being directed to the importance of checking up on fiduciary accounts. While these are no longer included in balances and are not subject the normal investigations external auditors, they according to banking law, be "properly registered details of banks' engagements in this sector are of course known to the National Bank. The failure to book fiduciary accounts and guarantees is one of the most serious aspects of the Chiasso case. Generally, there is a feeling that internal auditors may have been paying too little attention to banks' fiduciary business until the Chiasso affair, because it did not figure in the balance and because no risk seemed to be involved for the banks.

Whatever the case, it appears unavoidable that some steps will have to be taken to illuminate the fiduciary sector. Politicians—including even the temperamentally pro-bank Radical Party president Fritz Honegger—want to see what Honegger calls a better grip on these transactions and both Government and the Bankers' Association are ready and willing to help. No doubt the agreement between the National Bank and the Bankers' Association which comes into force to-day will do something to counter bard-sell propagation of fiduciary facilities as a means to aid and abet fugitive money movements and to identify any hitherto insufficiently recognised clients.

In the meantime, business seems to be going on more or less as usual. Latest National Bank figures show an increase in banks' fiduciary assets with foreign clients—domestic fiduciary business is only a fraction of this sum—to Sw.Frs.62.6bn. by the end of March. However, this was before the disclosure of the Chiasso case and all the subsequent official measures: it will be interesting to see what has happened to the figure by the end of June.

**John Wicks**

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# Foreign borrowing less active

THE PAST year has been one of peaks and troughs for Swiss activity in the international capital markets. As far as Swiss franc operations were concerned, 1976 saw record financings in public bond issues, private placements and Swiss franc-denominated medium-term commercial bank loans. In the international bond market in general it also saw the big three Swiss banks take first, second and third place in many of the league tables.

On the other hand, activity in Swiss franc-denominated issues has fallen right back this year while the Chiasso affair and the subsequent proposals to strengthen the controls in Swiss banking have inevitably raised questions about the Swiss banks' future role in managing other people's money.

The amounts of money raised last year by non-Swiss borrowers on the Swiss capital markets is set out in the accompanying table. Only a glance is needed to see the very sharp increase in the volume of business between 1975 and 1976. The large volume of private placements in particular pleased the Swiss authorities since, with the help of the regulation requiring foreign borrowers to convert funds raised on the Swiss capital market immediately into other currencies, it helped to keep the Swiss franc lower than it would otherwise have been.

This year, however, has seen a very different situation. Investors became much less keen on Swiss franc securities. At the same time, expectations of a turn in the interest rate cycle helped curtail enthusiasm. The result has been a marked fall in Swiss franc issues for foreign borrowers. The volume of public bond issues has not changed all that much but private placements are running at levels much lower than last year. No official figures will be available until next year but Morgan Guaranty estimates suggest the overall level of new financing so far this year is considerably less than half of last year's.

The position of the big three Swiss banks in the international capital market as a whole can best be seen by glancing at the 1977 Annual Financing Directory published by the American magazine Institutional Investor.

In this publication managership positions are analysed in no less than 21 separate ways—the market is broken down into seven different currency mixes, with columns for "full credit given to lead manager," "full credit to each manager," and "proportionate credit to each manager" within each currency grouping. While the big three Swiss banks do not show up as top lead manager in any of the currency break-downs (Swiss franc issues do not get a separate table), in many cases they take first, second and third place in tables giving full credit to each manager and proportionate credit to each manager.

In other words, the big three Swiss banks are still not lead managing as many issues as some of their competitors, but they play a prominent role across a broader range of issues than anyone else.

## Heads

Of the big three Swiss banks, Credit Suisse, via its London joint venture with the U.S. securities house White Weld, usually heads up the league tables with Union Bank of Switzerland second and Swiss Bank Corporation third.

The big Swiss banks have also, if only gingerly, begun to take an interest in medium-term lending operations. Their general view on this was summarised in a policy statement in the Swiss Bank Corporation's last annual report.

"Because of our position in the Eurocurrency and Eurobond markets," it said, "we are frequently invited to join international bank syndicates organising loans, mostly on a rollover basis and in Euro-dollars. Initially we were cautious about engaging in this type of business in view of the rollover aspect but we are now willing to participate on a wider scale. This will enable us to transfer funds previously placed with banks in the Euromarket to other prime international names creating useful new links with them in the process..."

Just what the impact of the Chiasso affair will be on the Swiss banks' international business is still anyone's guess. So far there is no sign that the Swiss banks have lost any of their muscle, though many operators in the Eurobond market detected, or fancied they detected, a retraction into shorter term investments by the Swiss banks in the immediate aftermath of the affair.

There are two reasons why the affair might cut back the flows of international funds to Swiss banks. One is that it has destroyed the "safe" image of the big three Swiss banks. Anyone involved in placing deposits internationally knew that there was plenty of wheeling and dealing in Swiss banking but it tended to be assumed that this was restricted to smaller fry and that the big three invested money put on trust with them safely rather than productively. Those who in the past would have accepted a negative real rate of return from a big Swiss bank on the assumption that this meant that the capital would be placed in riskless investments will be thinking twice from now on.

The other reason is that it is just possible that the tightening up of control over banks in Switzerland could destroy the Swiss banks' reputation for discretion, possibly even their capacity to be discreet.

## Answers

The two answers to the latter problem are, first, that there is every indication so far that the Swiss authorities will lean over backwards to ensure that the new regulations do not prejudice the banks' capacity to attract international funds, and second that even with the new regulations Swiss banks are probably unrivalled by banks anywhere else in the degree of discretion they can offer.

On the first point it is indicative that the approach of the Swiss National Bank to the problem posed by the unsavoury reputation of the Swiss numbered account was that if every Swiss bank account was given a number rather than a name then presumably the numbered account would cease to be an issue by becoming something completely ordinary.

Finally, it seems likely that even quite apart from the Chiasso affair, the Swiss banks' international business will not continue to grow at the pace of the recent hectic years. One reason for this is that the big new depositors from OPEC countries are confident enough now to diversify—there have already been signs of Middle East funds flowing into other centres. Another is the likelihood that the Swiss franc will not continue to appreciate at the same rate as in the past.

**Mary Campbell**

**FOREIGN BUSINESS**
(Sw. Frs. bn.)

| | 1976 | 1975 | Increase % |
|---|---|---|---|
| Public bond issues | 3.4 | 2.4 | 42 |
| Private placements | 10.5 | 7.2 | 46 |
| Total securities | 13.9 | 9.6 | 45 |
| Bank credits* | 5.2 | 2.5 | 108 |

* Loans with maturities of at least a year and amounts of at least Sw. Frs. 10m.

Source: Swiss National Bank.

# Dull conditions for domestic issues

AFTER A LONG and happy field-day, borrowers on the domestic Swiss capital market have since spring been faced with rising coupons, sluggish demand and a weakening of the secondary bond market. Subscribers have become increasing quality-conscious, although even the best possible address has to be linked with a reasonable interest rate. The sellers' market conditions which typified 1976 and continued into the first months of this year are already starting to look like "the good old days gone by."

The past year had seen a striking continuation of the cheaper money trend which was so marked in 1975. At the beginning of that year first-class borrowers were having to pay 8 per cent and less attractive loans were costing up to 9 per cent. By the turn of the year, coupons had a spread from 6½ to 7½ per cent. During 1976 itself, the more or less steady decline brought the range down to only 4¼-5½ per cent and by February last, local authorities were rejoicing in full subscriptions for floats at only 4 per cent, despite a standard 15-year maturity. Admittedly, with a national annual inflation rate of only 1 per cent, this sort of interest rate was still by no means unattractive to investors. It was, however, the easiest money for borrowers for many a long year.

## Signal

The storm signal came in mid-February, when the Confederation ill-advisedly tried to undercut the 4 per cent rate with a Sw.Fr.500m. loan over 15 years at a coupon of 3¾ per cent and a price of 99½ per cent. The resultant yield was considered so poor, even by modest standards, that the loan flopped and substantial slices had to be taken up by the issuing banks and the National Bank. Subsequently, the National Bank supported the secondary market price for some time until letting it reach its own level—no more than 94½ per cent. when this article was written.

Some other borrowers also misjudged the feel of the market. Several, particularly cantons, seriously annoyed the investing public by giving notice of premature repayment of old loans in order to get in on the ground floor with the new and considerably lower interest rates. In addition it took too long for borrowers in general to realise that conditions would have to be improved at a time when other interest levels were tending upwards again. This concerned not only actual coupons but the growing unpopularity of the 15-year maturity.

Now, at mid-year, the market appears to have settled down again — albeit only after a noticeable change in conditions. Cantons and cantonal banks are offering 4¼-4¾ per cent. coupons and, private-sector borrowers such as there are, 5¼-5¾ per cent., while maturities are generally in the eight-to-nine year range, with a maximum of 12 years. This is obviously held to be a sensible adjustment, since demand is again relatively lively.

Given these more reasonable conditions, there is no need for any more or less respectable issue to fail. Potential demand is and remains heavy. Foreign interest in Swiss franc issues may have fallen off somewhat, in view not least of the stabilisation of the currency and of course, the wide gap between Swiss coupons and those to be had elsewhere. But there is constant need, particularly on the part of institutional investors, for bond market engagement. The recently published calendar for issues in the third quarter shows that demand will not be over-taxed, since it includes 34 loans with a total value of Sw.Frs.1.63bn. or one after deduction of conversions of Sw.Frs.1.2bn.

Public authorities and utilities dominated the Swiss bond market last year, where the Confederation in particular took advantage of the low and falling coupons to borrow a good deal of money in reserve. For publicly issued bond loans, the Confederation accounted for Sw.Frs.2.75bn. nominal value of the Sw.Frs.8.41bn. 1976 total, the cantons and communes for a further Sw.Frs.1.33bn. Among the other borrowers only the utilities (electricity, gas and waterworks) showed a substantial sum, with Sw.Frs.1.32bn. nominal value. The remainder, taken together showed almost no increase over the 1975 total at Sw.Frs.3bn. (Sw.Frs.2.98bn.), the recession having affected particularly the willingness of industrial undertakings to borrow new money.

## Record

All in all, the total nominal value rose to a record Sw.Frs. 8.41bn. (1975: Sw.Frs.7.35bn.) last year and the net new-money call — that is, after deduction of conversions — jumped to Sw.Frs.7.07bn. (Sw.Frs.5.95bn.).

The predominance of public authorities was much greater still in the field of privately placed domestic loan issues, where out of a total of some Sw.Frs.1.97bn. no less than Sw.Frs.1.72bn. was accounted for by the Confederation alone and a further Sw.Frs.87.5m. by cantons and communes.

There are now signs that the share of the private sector is growing again, at least with regard to public market issues. In the first four months of 1977 nominal value of publicly-issued bonds, including conversions, was Sw.Frs.2.23bn.—and thus substantially lower than the Sw.Frs.3.3bn. for the corresponding period of last year—and of this, Sw.Frs.994m. was taken up by public authorities. The third quarter calendar points to a definite reduction in the share of the public authorities. The Confederation is now no longer expected to borrow again this year after its embarrassing failure in February. In all, the public authority share appears to have fallen to about one-third of the new-issue total.

Any forecast as to the supply side of the Swiss domestic bond market would have to reckon with some growth at least in private sector borrowing, not least on the part of industrial companies which have been absent from the market for some time and are perhaps envisaging long-postponed capital investment. A recent Swiss Bank Corporation study reckons on "above-average" growth in investments in equipment in the coming four years.

At the same time, however, the public sector has just been faced with the rejection of a proposal to introduce VAT by a large referendum majority. This means that the Confederation will not realise the additional fiscal income (Sw.Frs.2.9bn. more would have been created by VAT by 1979) which had been hoped for and will have to deal with a soaring budgetary deficit. The Confederation itself will not need more funds all that soon owing to the large reserves it built up in the recent cheap money phase of the capital market. The cantons, however, which have to tackle deficits of their own in most cases and will now doubtless receive less aid from the central Government, are expected to increase their activity as bond issuers in 1978.

With probable higher loan volumes from the private sector and the cantons next year, there could be upward pressure on interest rates. This will certainly be the case if and when the Confederation starts large-scale borrowing again too. Rates will in any case tend upward when inflation rises from its current remarkably low level of 1 per cent. or little more.

Nevertheless a further rise in coupons does not seem to be pending in the immediate future—and the National Bank has frequently stated that not even public authorities will be permitted to drive up interest rates and consequently inflation rates to unacceptable levels. A squeeze on public spending and some sort of tax increase are considered infinitely preferable to a return to the high-interest days of late 1974 or early 1975.

**J.W.**

# Learning lessons the hard way

THE PAST few years bave seen a number of more or less serions banking scandals in Switzerland, the most dramatic being the most recent—a loss of hundreds of millions of Swiss francs by the Chiasso branch of Crédit Suisse. This latter case in particular, involving as it does a large and famous bank, was in the words of tbe Government "such as to prejudice the good reputation of an important sector of the economy." The ioternational financial community found it difficult to see how irregularities of this kind could come abont in view of the stringent internal and external controls which might be expected to exist.

Certainly, Chiasso is only the latest of a long series of incidents leading to substantial losses by a Swiss or Swiss-based banks. Only just before Crédit Suisse disclosed this case, wbich concerns the misdirection by a branch management of Sw.Fr. 2.17bn. of clients' fiduciary accounts to the Liecntenstein company Texon-Finanzanstalt, the Federal Banking Commission announced the closure of the Lugano bank Weisscredit. Here too fiduciary funds of primarily Italian clients had been pumped to an associated Liechtenstein company, Finanz—und Vertranenshandelsanstail; losses on these transfers of Sw.Frs. 240m. are put at Sw.Frs. 120m. by the Swiss authorities, though the Liechtenstein public prosecuter put them much higher.

The Ticino was the scene of another *cause célèbre* of recent banking bistory, when in 1974 Sw.Frs. 222m. was lost in foreign exchange dealings by employees of tbe Lugano branch of Lloyds Bank. The parent bank picked up the losses, while the two men responsible were giveo suspended sentences of 18 and six months and fined Sw.Frs. 2,000 each. Other banks have sustained substantial losses in the past few years in the foreign exchange and allied fields. Again in 1974, Union Bank of Switzerland announced it had lost Sw.Frs. 142m. on forward currency transactions with a single client.

## Causes

Other well-known scandals have bad a wide range of causes. The Sw.Frs.160m. lost by United California Bank (Basle) AG in 1970 went on silver and cocoa speculation, for example; the Sw.Frs.345m. lost by Banque de Crédit International, Geneva, arose from alleged disloyal management and speculation in real estate and foreign exchange; and the Banque de Financement (Finabank), also of Geneva, collapsed last year with a loss provisionally put at Sw.Frs. 95m. owing to an unbalanced credit commitment within the Sindona group.

A considerable number can be attributed to faulty judgment—as with the Migros-Bank, which apparently lost Sw.Frs.50m. or more lo the German Glöggler débâcle in 1975 and is now faced with perbaps a further Sw.Frs.30m. deficit on its investments in the Swiss holding concern Küderli. Lots of small banks have gone broke trying to put short-term money out to long-term investments.

The list of banks' misfortunes and misdemeanours is thus so disparate that it is impossible to draw any general conclusions from the whole. Criminal offences on one side cannot be lumped together with weaknesses in managerial or banking ability on the other. There are, however, some remarks wbich cao be made in conoection with some of the recent bank incidents.

One is that maoy of the affairs in question are the result of the almost explosive expansion of Swiss banking, which doubled the aggregate balance sheeet total between 1965 and 1970 aod increased it by a further 70 per cent. between 1970 and last year. In some cases this has resulted in what Finance Minister Georges André Chevallaz last week called "growth euphoria."

The mere fact that 490 banks operate in Switzerland means that there are likely to be a certain number of casualties among them, while the chances offered by such a dynamic industry as Swiss banking have in any case tended to dilute the caotion traditional to the country's financial institutions. This is not to say that Swiss banks as a whole have become less serious-minded or more ready to go out on a limb: with few exceptions they remain very professional, highly ethical and extremely conventional. But recent bistory proves that opportunities to succeed have been accompanled by opportunities to falt by the wayside.

A point frequently made in Switzerland itself in the past few months is that banks have found it hard to adjust to their new dimensions. Certainly the Chiasso case illustrated clearly the failure of internal control, since Crédit Suisse beadquarters says the operations in question were unknown to central management. There are now clear indications that banks are looking very closely at their control functions and at the sort of business which individual departments might be developing to the detriment of the bank and of banking in general.

Even more aerious a question is bow so many banking scandals as in the past can have come about in view of official controls. The fact is that until recently these bad developed far too slowly. The Swiss Banking Commission, whose job it is to watch over the industry, has just experienced a major expansion of its establishment — to a staff of about 15, including secretaries. While the Commission has always moved as soon as a case has broken, its considerable limitations have kept it from much real ear-to-the-ground work enabling the nipping of scandals in the bnd.

## Resented

Until economic and monetary necessity brought with it a substantial extension of bank reportiog to the Swiss National Bank, this body too was not particularly well-informed about the workings of the banking system. In the past, surveillance and control mechanisms would indeed have been widely resented in Switzerland as undesirable interference by the State.

That said the authorities must be commended for having registered the consequences of many of the major scandals and acted accordingly. The tightening-up of controls in the 1971 revision of the Banking Act, for example, was undertaken partly in view of the much publicised collapse in the 1960s of two Swiss banks owned by the Spanish financier Julio Muñoz. The National Bank strengthened reporting rules in the foreign exchange sector in the light of the losses of UBS and Lloyd's Lugano—and, in West Germany, the Herstatt affair. Last year the need for better official supervision in general led to an initial strengthening of the Banking Commission.

It bas been the Chiasso case, however, which has had the most immediate effects. While the Government is unwilling to enact new law and is definitely against the albeit vague proposals of the Social Democratic Party to build some kind of State participation into the menagement of the banking sector, it is ready — to quote Chevallaz — to "consider all measures and regulations" to counter the shortcoming of the system which have led to this and other scandals.

As a particular proof of this determination to improve the situation, the National Bank — which for the past two years bas been warning against excessive growth of the financial apparatus—pushed through in double-quick time an agreement with the Swiss Bankers' Association which comes into effect to-day for an initial period of five years. This agreement, not one of the traditional "gentlemen's agreements" beloved by Swiss banking and including sanctions for contravention, will cause banks to identify to the best of their ability new and existing clients and funds and will stop them engaging in the "suitcase trade" — that is, the hard selling abroad, outside the bank, of facilities for expatriation of fugitive money.

While this, according to Bankers' Association president Alfred E. Sarasin, represents only "what good bankers have always worked to and what has been normal practice in the vast majnrity of all banks," the Government is expecting a few banks at least to fold after its inception.

## Wanting

Ao important factor in the agreement is that in the case of offences against its regulations, the Federal Banking Commission will be called on to determine whether the persons entrusted with the administration and management of the offending bank can still "assure the proper conduct of business operation," as already required by federal banking law. Thia concern with the quality of bankers and the possible ousting of people unfit for the profession bas been widely discussed in the past weeks and not only in connection with the agreement. There is some justification in the claim that surveillance of people in banking bas been proved wanting in Switzerland during recent years.

The Federal Cnuncil is also to agree to a further expansinn of the Banking Commission and has considered, but epparently not agreed to, the formation of a special fire-brigade auditing team to work for the authorities. Last week Chevallaz announced ominously that although there was no intention to drop the institution of banking secrecy, this principle should not be better tected legally than physic or lawyers' secrecy. This m that, in future legisl breaking of bank secrecy be prosecuted only charges are brought and when contravention is i tional.

The two latest bank sc Chiasso and Weisscredit, likely, also to have an on Liechtenstein. Consulta have already started bet the Swiss authorities and of the neighbouring p pality, which itself has announced an agreement its banks parallel to that si in Zurich on June 2 by Swiss. Within Liechten there is a growing feeling snme sort of change mu made to holding-company tn prevent abuses like operation of quasi-banks the cases of Texon-Finanza and Finanz- und Vertra handelsanstalt. In Switze there is not a little indign in high places at the conti existence within the franc zone of a corporate which lends itself to abuses.

The realisation that have to be taken to clamp on banking scandals as f possible—white-collar will always occur, of cou is present with the bank well as with the authoriti Switzerland. The Bankers' mission has spoken out favour of better internal external controls and ad its members to sign the agreement. In addition, is in band at the body's I offices to come up with suggestions (probably autumn) on such matter fiduciary accounts, the grai and registration of guarai and internal auditing cedures.

J.





*At the Berne offices of the Swiss Bank Corporation a small computer is used to check stock prices.*

# Hesitant year for shares

THE Basle Stock Exchange fittingly celebrated its hundredth anniversary year in 1976 with a record Sw.Frs.23bn. in securities trading—a rise of 21 per cent. to follow the previous year's unusual 64 per cent. growth. The number of deals also went up by some 8 per cent. to more than 92,000.

A similar performance was turned in by the other two main Swiss exchanges—Zurich and Geneva—in the decentralised Swiss system. Zurich, which also hit an all-time record in turnover last year (Sw.Frs. 105.5bn.) is moving strongly ahead again with trading for the first four months of this year ahead in value terms by nearly five per cent. although the number of deals has dropped back.

The Zurich Stock Exchange centenary falls this year. Meanwhile Geneva, which is the oldest exchange and about the same size as Basle, is also performing well.

But the Swiss share indices do not look nearly as good as the trading might suggest. The Swiss Bank Corporation's general index rose by only 4.9 per cent. last year compared with 42.4 per cent. in 1975. The 1976 year-end average was 303.5, and continuing an upward trend started in autumn last year progressed further during the first three and a half months of this year.

There was during this time e somewhat more confident appraisal of the economy linked to the decline in the value of the Swiss franc and the improved competitive position on Switzerland's export markets. Conditions in the money and capital markets were also favourable and the year-end results announced by major industrial corporations showed that many had recovered or increased their earning power despite the difficulties of the recession. Several increased their dividends, providing an added stimulus to the stock markets.

But the generally bullish mood came to an abrupt end with the breaking of the Chiasso scandal, involving one of Switzerland's big three banks, the Credit Suisse, in substantial though as yet unspecified losses. The market turned sour and the Swiss Bank Corporation index fell back to below the 300 level. It is at present around 297.

The Credit Suisse bearer shares themselves fell back by about one third, and pulled quotations in the banking sector generally down by about 15 per cent. Although, as one Swiss newspaper headline put it, "All is not rotten in the kingdom of William Tell," the market has become hesitant, with psychological factors weighing heavily in the balance. In addition, the performance of Wall Street, to which the Swiss stock market is particularly sensitive, has hardly been encouraging and the underlying factors of the Swiss economy, with several sectors faced with structural problems, are unlikely to give rise to any spectacular developments this year.

## Negative

The rejection by the Swiss electorate of the introduction of VAT to replace the present turnover sales tax has also had a negative influence on the stock market. In a strengthened economy drive the Government may be forced to cut back orders for industry, on the one hand, while an increase in turnover tax could create additional difficulties.

The Swiss stock market is in fact at almost exactly the same level as it was in 1971. But in Swiss franc terms only Japan (plus 74 per cent.) and West Germany (plus 3.8 per cent.) have performed better. In the 1971 to 1976 period, the Financial Times Ordinary index recalculated in Swiss francs declined by 58 per cent., while on the same terms the share index in the U.S. dropped by nearly a third.

With one exception only Swiss-run stock investment funds have shown extensive losses in the past five years. The exception is a fund specialising in Japanese stock which, counting dividends, shows an average annual return of some 3.1 per cent. in the 1972 to 1977 period. On the same basis the others show declines in value ranging from 4.2 per cent. for a fund holding Swiss shares to 56.2 per cent. for a fund holding Italian shares.

In the same period the performance of the half-dozen Swiss-based bond funds has been mixed but generally not encouraging. The best performer has provided an annual 5 per cent. return on investment, while three out of the six are on the minus side.

The real estate funds have performed significantly better, with one producing an annual 10 per cent. return on initial investment, and all but one on the plus side.

But despite the conclusions one may reach from the longer-term view of performance, most Swiss funds did well last year. Improved international stock market conditions resulted in higher net asset values. With the exception of those stock funds specialising in U.S., Canadian, French, Spanish and Italian stocks, nearly all recorded a rise of several percentage points in their issue prices. But, taken as a whole, Swiss investment funds ran into a net redemption situation last year, with a decline of nearly 1.5 per cent. in the average number of shares in circulation.

D.E.

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# AUTHORISED UNIT TRUSTS

# OFFSHORE AND OVERSEAS FUNDS

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 8½% | ■ Hill Samuel § | 8½% |
| Allied Irish Banks Ltd. | 8½% | C. Hoare & Co. † | 8½% |
| American Express Bank | 8½% | Julian S. Hodge | 9½% |
| A P Bank Ltd. | 8½% | Hongkong & Shanghai | 8½% |
| Henry Ansbacher | 9 % | Industrial Bk. of Scot. | 8½% |
| Banco de Bilbao | 8½% | Keyser Ullmann | 8½% |
| Bank of Credit & Cmce. | 8½% | Knowsley & Co. Ltd. | 10 % |
| Bank of Cyprus | 8½% | Lloyds Bank | 8½% |
| Bank of N.S.W. | 8½% | London & European | 9½% |
| Banque Belge Ltd. | 8½% | London Mercantile | 8½% |
| Banque du Rhone S.A. | 9 % | Midland Bank | 8½% |
| Barclays Bank | 8½% | | |
| Barnett Christie Ltd. | 9½% | ■ Samuel Montagu | 8½% |
| Bremar Holdings Ltd. | 9 % | | |
| Brit. Bank of Mid. East | 8½% | ■ Morgan Grenfell | 8½% |
| ■ Brown Shipley | 8½% | National Westminster | 8½% |
| Canada Permanent AFI | 8½% | Norwich General Trust | 9% |
| Capitol C & C Fin. Ltd. | 9 % | P. S. Refson & Co. | 8½% |
| Cayzer Ltd. | 9½% | Rossminster Accept'cs | 8½% |
| Cedar Holdings | 9 % | Royal Bk. Canada Trust | 8½% |
| ■ Charterhouse Japhet | 8½% | Schlesinger Limited | 9 % |
| C. E. Coates | 9½% | E. S. Schwab | 10½% |
| Consolidated Credits | 8½% | Security Trust Co. Ltd. | 10 % |
| Co-operative Bank * | 8½% | Shenley Trust | 11½% |
| Corinthian Securities | 8½% | Standard Chartered | 8½% |
| Credit Lyonnais | 8½% | Trade Development Bk. | 8½% |
| G. R. Dawes | 10 % | Twentieth Century Bk. | 10 % |
| Duncan Lawrie ‖ | 8½% | United Bank of Kuwait | 8½% |
| Eagil Trust | 8½% | Whiteaway Laidlaw | 9 % |
| English Transcont. | 9 % | Williams & Glyn's | 8½% |
| First London Secs | 8½% | Yorkshire Bank | 8½% |
| First Nat. Fin. Corpn. | 9½% | | |
| First Nat. Secs. Ltd. | 9½% | | |
| ■ Antony Gibbs | 8½% | | |
| Goode Durrant Trust | 8½% | | |
| Greyhound Guaranty | 8½% | | |
| Grindlays Bank ‡ | 8½% | | |
| ■ Guinness Mahon | 8½% | | |
| ■ Hambros Bank | 8½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 5% and over £25,000 5½%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5½%.
‖ Rate also applies to Sterling Ind. Secs.

## FOOD PRICE MOVEMENTS

| | June 30 | Week ago | Month ago |
|---|---|---|---|
| **BACON** | £ | £ | £ |
| Danish A.1 per ton | 1,010 | 985 | 960 |
| British A.1 per ton | 995 | 975 | 955 |
| Irish Special per ton | 995 | 970 | 940 |
| Ulster A.1 per ton† | 995 | 970 | 945 |
| **BUTTER (packets)** | | | |
| NZ per 20 lbs | 10.26-10.34 | 10.26-10.34 | 9.74- 8.92 |
| English per cwt† | 59.95 | 57.99 | 57.99 |
| Danish salted per cwt† | 61.15-63.59 | 61.15-62.61 | 60.15-61.07 |
| **CHEESE¶** | | | |
| English cheddar rindless per tonne | 1,051.13 | 1,051.50 | 1,051.13 |
| NZ per tonne | 1,051.50 | 1,051.13 | 1,004 |
| **EGGS*** | | | |
| Home-prod. Standard | 3.70- 3.90 | 3.20- 3.70 | 2.60- 2.90 |
| Large | 4.00- 4.20 | 3.80- 4.00 | 3.45- 3.50 |
| | June 30 per pound | Week ago per pound | Month ago per pound |
| **BEEF** | p p | p p | p p |
| Scottish killed sides (ex-KKCF) | 47.0—50.0 | 49.0—52.0 | 47.0—50.0 |
| Eire forequarters | 28.0—30.0 | 29.0—33.0 | 29.0—32.0 |
| **LAMB** | | | |
| English | 42.0—46.0 | 46.0—50.0 | 46.0—50.0 |
| NZ PLs-PMs | 41.0—43.0 | 42.0—43.0 | 41.0—43.0 |
| **MUTTON** | | | |
| English ewes | — | — | — |
| **PORK (all weights)** | 32.0—39.0 | 32.0—38.5 | 29.0—37.0 |
| **POULTRY** | | | |
| Broiler chickens | 31.0—33.0 | 30.8—34.0 | 31.0—34.0 |

* London Egg Exchange price per 120 eggs. † Delivered.
¶ For delivery July 2-9.

# INSURANCE, PROPERTY, BONDS

Individual Life Funds

| | | | | |
|---|---|---|---|---|
| Fixed Interest | 139.9 | 146.4 | -0.5 | — |
| Equity | 110.1 | 116.0 | +0.2 | — |
| Property | 131.0 | 137.9 | +0.1 | — |
| Managed | 132.5 | 139.5 | +0.1 | — |
| Money | 113.0 | 119.0 | ..... | — |
| K & S. Gilt Bds | 133.7 | 136.5 | -0.6 | — |
| K & S. Govt. Sec. | 119.0 | 119.0 | -0.5 | — |
| Commodity UT | 90.5 | 95.3 | +0.5 | — |
| Growth UT | 119.6 | 126.0 | +0.3 | — |
| Capital UT | 116.3 | 123.0 | ..... | — |
| Income UT | 127.2 | 133.9 | +0.6 | — |
| International UT | 135.7 | 142.9 | +0.3 | — |

Scottish Widows' Group
PO Box 902, Edinburgh, EH16 5BU. 031-655 6000

| | | | | |
|---|---|---|---|---|
| Inv.Ply.Series 1 | 85.9 | 89.9 | ..... | — |
| Inv. Ply. Series 2 | 85.2 | 89.7 | ..... | — |
| Ex.UT.Tr.June 15 | 119.1 | 124.2 | ..... | — |
| Mgd.Pens. June 22 | 212.5 | 219.0 | ..... | — |

### NOTES

Prices do not include $ premium except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ¶. ¶ Guernsey gross. ¢ Suspended. ♦ Yield before Jersey tax.

### CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.
Index Guide as of 21st June, 1977 (Base 100 at 14.1.77)

| | |
|---|---|
| Clive Fixed Interest Capital | 113.85 |
| Clive Fixed Interest Income | 104.60 |

CORAL INDEX: Close 453-458

### INSURANCE BASE RATES

| | |
|---|---|
| † Property Growth | 9¾% |
| Cannon Assurance | 5¼% |

† Address shown under Insurance and Property Bond Table.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

## **INTERNATIONAL BANK

[illegible]

## **CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS (Miscel.)

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 41¾% (based on $US1.7201 per £)

Conversion factor 0.7033 (0.7029)

## CANADIANS

[illegible]

S.E. List Premium 41¾% (based on $1.8233 per £)

## BANKS AND HIRE PURCHASE

[illegible]

### Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## BUILDING INDUSTRY—Continued

[illegible]

For Sparrow C. W. see Industrials

[illegible]

For Int. Paint see Chemicals

## CHEMICALS, PLASTICS

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Continued

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING, MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

For Fine Art Devs. see Drapery & Stores

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

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هكذا من الأصل



INDUSTRIALS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicle

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

TRUSTS—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM



MINES—Continued

CENTRAL AFRICAN

| 1977 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 64 | 36 | Coronation 25c | 42 | — | Q5c | 8.4 | 8.0 |
| 130 | 70 | Falcon Rh.50c | 110 | — | †Q35c | 1.7 | 31.1 |
| 14 | 9 | Rhod'n Corp. 16½p. | 12 | — | 0.56 | 4.3 | 7.2 |
| 165 | 110 | Roan Cons. K4 | 110 | — | — | — | — |
| 164 | 129 | Tanganyika 50p | 136xd | +1 | Q11.0 | ϕ | 8.1 |
| 70 | 70 | Do. Pref. 80p | 70 | — | Q9% | ϕ | 10.3 |
| 35 | 27 | Wankie Col. Rh.1 | 32 | — | Q7½c | 1.5 | 22.9 |

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

| 1977 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 9½ | 9 | Burma Mines 17½p. | 9 | — | — | — | — |
| 31 | 18 | Charterhall 5p | 24 | +½ | — | — | — |
| 107 | 58 | Colby Mines $C1 | 95 | +3 | — | — | — |
| 600 | 385 | Cons. Murch. 10c | 390xd | +5 | †Q140c | 1.4 | [illegible] |
| 440 | 330 | Northgate C$1 | 420 | +10 | — | — | — |
| 247 | 173 | R.T.Z. | 209 | +2 | 8.0 | q3.1 | 5.9 |
| 70 | 42 | Sabina Inds. C$1 | 45 | +2 | — | — | — |
| £14¾ | £11⅛ | Tara Expln. $1 | £14⅝ | −⅛ | — | — | — |
| 53 | 39 | Tehidy Minerals 10p | 45 | — | 1.19 | ϕ | 4.1 |
| 160 | 123 | Yukon Cons. C$1 | 120 | −2 | Q6½c | 3.6 | 1.9 |

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 19 | ..... | Sayers 12½p | 32 | — |
| Ash Spinning | 40 | +2 | Sheffield Brick | 90 | — |
| Bertam | 17 | ..... | Sheff. Refrshmt. | 165 | — |

IRISH

OPTIONS

3-month Call rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday July 1 1977



# Carter stops B-1 bomber production

BY JUREK MARTIN

WASHINGTON, June 30.

PRESIDENT Jimmy Carter to-day dropped the B-1 bomber from the U.S. strategic armoury. He announced at a Press conference that production and deployment of the aircraft designed to take the place of the B-52 should cease.

Although he often said in the course of last year's election campaign that he thought the B-1 was unnecessary and too costly, his decision came as a surprise this morning.

The Defence establishment in Washington had argued strongly in its favour. On Tuesday the House of Representatives voted to allocate funds for its development.

The President rejected even a modified production schedule, below the 244 aircraft the U.S. Air Force has requested. He said the cruise missile had made the B-1 bomber irrelevant.

He left open the tiniest possibility that the B-1 project could be revived. Limited research and development on the aircraft, which was to have been manufactured by Rockwell International, will continue.

He could change his mind if relations with the Soviet Union deteriorated drastically, "which I don't anticipate."

A determined push to rescue the B-1 can be expected from Congress.

It is hard to see Congress mustering two-thirds majorities in both houses, which is what would be needed to override the President's decision. Tuesday's vote suggested that strength did not exist.

Opponents to the bomber were quick to react. Senator George McGovern, for instance, welcomed the cancellation.

But the Republican leadership in both the House and Senate roundly attacked the President's announcement and Congressman Robert Dornan, in whose constituency the aircraft would have been assembled, issued a bitter statement saying that "they are breaking open the vodka bottles in Moscow."

The prime contractor for the B-1, Rockwell International, and some of the other sub-contractors were angry, although a little more subdued.

Mr. Bastian Hello, head of Rockwell's B-1 division, said he was "shocked and naturally disappointed" and that thousands of people in the Los Angeles area would have to be laid off in the next few weeks.

About 35,000 people have been working for a variety of sub-contractors on the prototypes of the aircraft.

Rockwell, the nation's tenth largest defence contractor, was very confident up until this morning that its intense lobbying in favour of the aircraft had borne fruit.

However, in anticipation of the project being cancelled, it had taken care to reduce its exposure to a minimum.

Last year a sceptical Congress authorised very limited funding for prototype B-1 development. It would be a major surprise to discover a radical shift on Capitol Hill in the B-1's favour.

Mr. Carter's emphasis throughout his Press conference was on the adequate alternative strategic weapons at the disposal of the U.S. The U.S. would continue to base its defence on the triad of submarine launched ballistic missiles, intercontinental ballistic missiles and a bomber fleet with cruise capability.

He did not deny that the thorny strategic arms limitation talks with the Soviet Union were a factor in his decision. But he added: "That was not the reason for my decision. If it had looked at the B-1 as simply a bargaining chip, then my decision would have been to go ahead with the weapon."

The President's espousal of the cruise missile, the versatile, relatively cheap pilotless aircraft, may give the Soviet Union cause for greater concern. Mr. Carter only mentioned the air-launched version of the cruise at his Press conference, but it is known that land- and sea-based varieties are critical to its deployment.

Mr. Carter also said he would welcome the chance to meet Mr. Brezhnev, the Soviet leader, this year to get acquainted. He stressed that he did not believe Soviet-American relations were deteriorating rapidly.

Goliath makes way, Page 6

# Insurers lose £37m. on U.K. underwriting

BY ERIC SHORT

BRITISH insurance companies saw their normally profitable U.K. business turn in a record underwriting loss of £37.4m. last year, according to figures yesterday from the British Insurance Association. This is the first time since 1969 that the account failed to make a profit. The loss represented 1.9 per cent of premiums, which increased by a fifth to £1.95bn.

Behind the loss are two natural disasters which affected the U.K. in 1976. The severe storms which swept the country during the first week-end of that year cost insurance companies £20m., while the long hot dry summer was even worse in its effects. The resultant damage to private property through subsidence cost BIA members about £60m. in claims. Further large subsidence claims are expected this year.

The net result was that the fire and accident accounts lost £39.1m. in 1976 compared with a profit of £20.3m. in 1975. A warning was given by the BIA yesterday that unless the public insured their properties for full rebuilding costs, an increase in householders' policy rates would be inevitable.

In contrast, the motor account, normally the more troublesome side of the business, made a small underwriting profit of £1.7m. (0.2 per cent. of premiums) against a loss of £4.6m. in 1975. Claim costs during the year were affected by spare part price increases averaging 17 per cent., labour costs, up 12 per cent., and car prices themselves, which advanced by over 20 per cent. on average.

But increases in premium rates, averaging 14 per cent., together with a drop in the number of claims, helped the motor business into profit.

The big improvement in worldwide motor insurance business resulted in the overall underwriting loss of British insurance being cut to £146.3m. (2.7 per cent. of premiums) in 1976 from the record £175m. of the previous year. Worldwide motor losses were reduced by more than two-thirds to £43.9m., reflecting the premium rate increases implemented during 1975 and 1976.

This improvement was reflected in both the U.S.—the problem territory of British insurance—and in the rest of the world, although Mr. Bill Harris, the retiring BIA chairman, pointed out yesterday that the authorities in Western Europe were still keeping motor premium rates below realistic levels.

World-wide fire and accident underwriting losses quadrupled last year, largely because of the U.K. deterioration and, to a lesser extent, because of worsening experience in Europe. The loss on U.S. non-motor business, £44.3m., was only slightly higher than a year before indicating that British insurers are curbing losses across the Atlantic.

Income earned by the investment of general insurance funds was again buoyant, rising by 36 per cent. to £631m. and providing a net surplus of £485m. against £290m. in 1975. This reflects to a large extent a one-third growth in premiums, which amounted to £5.36bn., due largely to inflation and a substantial amount of new business.

Unveiling the results yesterday, Mr. Harris attacked the Labour Party's proposals for insurance nationalisation and announced a £600,000 advertising campaign in conjunction with the life company associations. The industry had spent time trying to be better understood by politicians, and was intensifying its educational campaign so that the benefits of free enterprise insurance would be better understood by the electorate.

New BIA chairman, Page 9

UNDERWRITING RESULTS OF BIA MEMBERS, 1976

(1975 results in brackets)

| | U.K. | | U.S. | | Other overseas | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Fire & Accident** | | | | | | | | |
| Net written premiums £m. | 1,198 | (970) | 776 | (584) | 1,368 | (1,043) | 3,342 | (2,597) |
| Profit/Loss £m. | −39.1 | (+20.3) | −44.3 | (−42.8) | −19.0 | (−2.7) | −102.4 | (−25.2) |
| % of premium | −3.3 | (+2.1) | −5.7 | (−7.3) | −1.4 | (−0.3) | −3.1 | (−1.0) |
| **Motor** | | | | | | | | |
| Net written premiums £m. | 748 | (623) | 445 | (320) | 826 | (589) | 2,019 | (1,533) |
| Profit/Loss £m. | +1.7 | (−4.6) | −27.6 | (−74.7) | −18.0 | (−70.5) | −43.9 | (−149.8) |
| % of premium | +0.2 | (−0.7) | −6.2 | (−23.3) | −2.2 | (−12.0) | −2.2 | (−9.8) |

# Rhodesia to spend £132m. on defence

BY TONY HAWKINS

SALISBURY, June 30.

RHODESIA'S DEFENCE spending will rise by 44 per cent. in the next year to £132m., according to public expenditure estimates tabled in the Rhodesian House of Assembly to-day.

Spending on the Army will be about £100m., the Air Force a further £26.6m., and the Guard Force £4.8m.

However, there is at least a further £60m. to be provided under various other headings, taking the total cost of the shooting war to more than £190m. or above £500,000 a day.

The expenditure will also include the provision for making up pay (for men on call-up in the security forces), security measures in the tribal trust lands, civil defence, the construction of special roads and bridges in security-sensitive areas and a substantial amount of new police.

Spending on the global "anti-insurgency" will be 25 per cent. and security spending will absorb about 26 per cent. of the total Rhodesian budget this year as against about 22 per cent. last year.

The government has kept a tight rein on expenditure which is unrelated to the economic and shooting wars. Increasing the spending this year to less than 11 per cent. which is roughly in line with present estimates of the rate of inflation.

Expenditure on budget account—to be financed primarily from tax revenue—will increase 18 per cent. leaving Mr. David Smith, the Minister of Finance, with a substantial budgetary gap to fill when he presents the 1977 budget in a fortnight.

Mr. Smith may face a budget deficit of about £100m., which is unrealistically high.

While a significant proportion of this may be funded by public sector borrowing, it would not come as a surprise if he is forced to raise taxes for the third time in 18 months.

Main elements of spending on the economic war include subsidies of £28m. for tobacco, beef, milk and soyabeans; assistance of more than £10m. for the steel industry; a subsidy of £38m. to meet the recurrent losses of railways; and an incentive scheme for exporters costing nearly £14m.

Of 38 headings under public spending, 15 show reductions, but these savings have been swamped by the need for sharply higher counter-insurgency and counter-sanctions spending.

The second largest single item in the estimates is treasury spending on the servicing and repayment of debt, followed by education (nearly £80m. or 10½ per cent. of the total budget) and transport and power which takes up 8½ per cent. due mainly to the two large provisions for railways which cost some £60m.

Sales tax has been raised twice in the past 15 months and a 10 per cent. surcharge has been proposed on personal and corporate income taxes. So the Minister will be anxious to avoid any further tax increases.

It has been necessary to restructure the interest rate pattern in order to attract investment funds to the long end of the loan market.

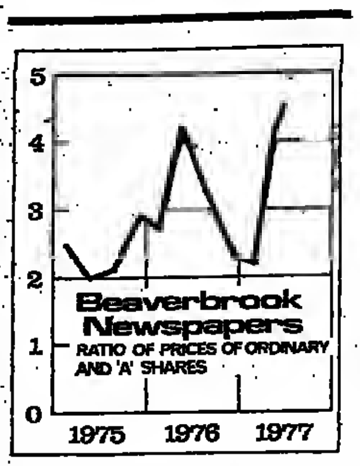
Mr. Smith may have to seek further tax or fee revenue by increasing charges for public services such as health and education as well as agreeing to high public sector borrowing requirement.

THE LEX COLUMN

# Fourth estate for Trafalgar House

Trafalgar House claims that its bid for Beaverbrook stands up on financial grounds—but its main motives do not appear to lie in the figure work. In terms of cash, a bid of £13.7m. only represents a relatively small investment for a group which last year spent £43m. on new fixed assets. But in terms of management commitment, it is much bigger than that.

Index rose 0.1 to 456.3




The overall bid package looks extremely generous when set against Beaverbrook's financial performance in recent years. However the problems which it is taking on may not be as pressing as has been suggested. Debt may not be much more than about £8m., compared with net assets of around £20m., and although the potential redundancy payments and the repayment of extended credit terms could be a worry at some stage (they could add up to very roughly £10m.) Trafalgar is certainly not going to be under any immediate pressure to take radical decisions.

At any rate, it has already bought four-fifths of the votes subject only to the Takeover Panel's approval of the separate terms for the Ordinary and the "A". The voting shares, which represent under 11 per cent. of the equity, are being offered as much as 30 per cent. of the total cash offer — a premium which Sir James Goldsmith, who since January has controlled two-fifths of the non-voters through his Cavenham interest, finds unacceptable. He proposes that the non-voting interest should be represented by independent merchant bank advisers.

On balance the Panel seems unlikely to get too worked up about this issue. Although it has the votes, Trafalgar will need full control of the equity if it is to press ahead with changes at Beaverbrook. All the same a ratio of nearer three to one would have looked more acceptable.

## CLCB/Wilson

The preliminary submission by the Committee of London Clearing Bankers to the Wilson Committee sets out clearly the traditional approach of British banks to industrial and commercial lending. The CLCB argues that it "is dangerous to confuse" the role of banker and the role of proprietor or manager. The banker is especially interested in the "gearing" of a borrower, meaning the relationship between total borrowing and proprietorship resources. Although term lending has expanded to the extent that at the end of 1976 it accounted for 40 per cent. of total lending to U.K. residents, the prudential limit may now have been reached, for 75 per cent. of the clearers' deposit base is on eight days' notice or less.

What the Wilson Committee has to consider, however, is whether the British clearing banker is too dominated by his traditions. It can be argued, for instance, that banks should look more at the future cash flow generated by projects than at the gearing potential of historical balance sheets. On the deposit side, the quest for "cheap" current account money has encouraged the provision of services on an increasingly uneconomic scale, and is contributing to the widening of margins now that interest rates have come down from freakishly high levels.

There is, of course, a limit to what the banks can do without Government intervention. Besides the inevitable sideswipe at the building societies, the CLCB repeat their recent unsuccessful request for refinance facilities at the Bank of England to enable term lending to be stepped up. Some ideas from the Wilson Committee on how medium term deposits could be obtained would be very valuable: for their part, the clearers are considering the merits of floating rate notes. But more fundamentally, the CLCB detect a "proprietorial gap" in the financial system, with to-day's professional manager and institutional shareholder not properly assuming the functions of the entrepreneur and the private shareholder of yore.

## BIA report

As all the major insura[nce] companies with U.S. expos[ure] have already produced their f[irst] quarter results the British [In]surance Association's figures [for] calender 1976 are somewhat [out] of date. Nevertheless they serve to underline indu[stry] trends.

The industry has manage[d to] cut its worldwide general un[der]writing losses slightly, but [the] hoped for return to profitab[ility] in the U.S. failed to materia[lise] —although there was a s[ub]stantial improvement — [the] losses of £72m. roughly equal total losses in the rest of [the] world. Moreover the norm[ally] profitable U.K. business mo[ved] into the red, the difficulty be[ing] on the non-motor side wh[ere] storm damage and subside[nce] took their toll.

Worldwide general premi[ums] increased by 30 per cent. perhaps a third of this resu[lt] from sterling's depreciation growth in the current yea[r is] likely to be much more mo[dest] given sterling's newfound st[abi]lity. This is no bad thing [for] the industry. Despite a bea[...] rise in investment income, sh[are]holders' funds and free rese[rves] of general insurance funds fa[iled] to keep pace with the gro[wth] in premium income in 1976 solvency margins were un[der] pressure. Although the [first] quarter results show a sig[nifi]cant improvement, particul[arly] on the U.S. side, the mess[age] from the BIA figures is cl[ear]. Unless underwriting losses [are] reduced sharply in 1977, the [in]dustry will be unable to ge[ner]ate sufficient funds for fu[ture] expansion.

## Dunford & Elliott

Will Dunford and El[liott] achieve its breathtaking time forecast of £5m. pre-tax [for] the current year? Its half-[time] progress scarcely looks enc[our]aging, with only £1.69m. u[nder] its belt by the beginning [of] April. In January, moreo[ver] Dunford reported £1.08m. [for] the first quarter, implying £0.61m. for the next t[hree] months.

But apparently the chas[e is] not hopeless. Whereas [the] second quarter was hit by [the] Leyland dispute, the car gr[oup] is now producing at a high [rate] while a 6 per cent. steel p[rice] increase is due this mont[h—a] little late but very welcom[e to] Dunford. With engineering [pro]fits bunched at the year-end [the] second half could turn [out] better than the first.

Continued from Page 1

# Talks on Grunwick inquiry

[A]rbitration Service that APEX [b]e recognised for all the com[p]any's weekly-paid workers, in[c]luding those still on strike after [1]0 months.

Lord Justice Scarman is [f]ormer chairman of the Law [C]ommission. He also led the in[v]estigation into Londonderry's "Bloody Sunday" and the in[q]uiry into the Red Lion Square [r]iot.

The other two members of the [c]ourt are Mr. Pat Lowry, director [o]f personnel for British Leyland, [w]ho sat on the inquiry into the [B]arbican and Horseferry Road [b]uilding site disputes in 1967, [a]nd Mr. Terry Parry.

Mr. Parry is the Left-wing [g]eneral secretary of the Fire [B]rigades Union and member of [t]he TUC general council. He [a]djudicated in a dispute between [t]he London County Council and [t]he National Union of Public [E]mployees in 1965.

The court's terms of reference [a]re: "To inquire into the causes [a]nd circumstances of, and [r]elevant to, the dispute, other [t]han any matter before the High [C]ourt until the final determina[t]ion of those proceedings, and to [r]eport."

The NAFF last night attacked [t]he composition of the court of inquiry as "partisan." "The chances of a fully objective report from this committee seem rather remote," a statement said. It described the setting-up of the inquiry as the "Government's latest diversion tactic."

In the Commons yesterday Mr. Booth told MPs that Mr. Roy Grantham, general secretary of APEX, had given an assurance that the union would co-operate with the court and accept its findings.

Mr. John Gorst, Conservative MP for Hendon North, who had been advising the Grunwick management, said: "The Grunwick management will co-operate in every way it possibly can with this Court of Inquiry. It will give the most careful consideration to any recommendations.

"But it will be very difficult, perhaps impossible, to co-operate if undue duress is exercised on them."

The Government move was welcomed by Mr. James Prior, Conservative Employment spokesman, who supported Mr. Booth's appeal for calm.

The Post Office announced yesterday that in the light of Mr. Booth's comments to the House, action about to be taken had been deferred and the situation was under consideration.

A Post Office notice to workers who have refused to handle some 80 bags of Grunwick mail for more than a week was issued on Wednesday giving 24 hours for work to start normally again.

But the deadline passed with the bags still untouched and no indication that threat of disciplinary action would immediately follow.

A spokesman for NAFF said last night that the organisation was now consulting its solicitors on the best course of legal action for achieving a return to normal handling of Grunwick mail.

He declined to comment on the legal options available but it seems likely that any action would be founded on the 1953 Post Office Act.

The association has already written to Sir William Ryland, Post Office chairman, asking for prosecution of the postal workers involved. Failing this, it had been earlier suggested that an injunction could be sought to halt the industrial action.

The latter course would not necessarily lead Mr. John Gouriet, administrative director of NAFF, back on the familiar path to the Attorney-General for consent to relator proceedings.

Consideration is believed to have been given to advising Grunwick to seek an injunction on the grounds that it has a special interest in the industrial action by the postal workers.

The 130 sorters involved in blacking mail at Cricklewood were adamant yesterday that they would continue to black Grunwick mail.

After a decision earlier this week by the London District Council of the Union of Post Office Workers that any disciplinary action would be followed by a general London postal strike, they said they had received "hundreds of messages of support."

Mr. Colin Moloney, chairman of the Cricklewood UPW branch, said that if suspension notices were served, a "work-in" would take place. "Our position is clear," he added. "we want to carry on the work of dealing with 99.9 per cent. of the mail."

Continued from Page 1

# Clearing banks

[p]resent these institutions have [a]dvantages in attracting deposits [a]nd suggest an overhaul of the [w]hole range of controls, regula[t]ions, incentives and subsidies [a]pplied to the financial sector. [I]n particular, they urge policy [o]f "fiscal neutrality" towards [a]ll types of savings.

In another criticism of what [th]ey see as discrimination in [th]e official approach to the [in]stitutions, the banks attack [th]e effects of the so-called corset [m]ethod of monetary controls.

They argue for techniques [w]hich would apply evenly to the [fi]nancial system as a whole, and [p]articularly see no justification [fo]r the obligation of the London clearing banks alone to keep 1½ per cent. of the eligible liabilities—their main deposit funds — a non-interest earning balance at the Bank of England.

The banks also propose a review of the institutional machinery for providing equity or long-term funds to the smaller developing enterprises, suggesting that if the machinery is not adequate the most suitable source would be the life assurance companies and pension funds.

The evidence calls for greater general recognition of the true costs of financing industry, particularly in relation to the operational expenses incurred in attending current account funds.

# Whitehall firm on new accounting

BY MICHAEL LAFFERTY

OFFICIALS in Whitehall emphasised yesterday that the Government remains committed to the introduction of current cost accounting (CCA) regardless of the Accounting Standards Committee decision on Wednesday not to continue with the Morpeth proposals in their present form.

The Treasury, the Department of Trade and the Bank of England are discussing the matter, and a statement to clarify the situation may be issued by Mr. Edmund Dell, Secretary for Trade.

It is also expected that the Stock Exchange will seek a meeting with the committee, the rule-making body on accounting matters, to decide what inflation accounting information should be required from quoted companies until acceptable accounting proposals are agreed.

The ASC announcement that the Morpeth proposals have not achieved general acceptance got a mixed reception.

Mr. Martin Haslem, one of the two accountants heading the revolt against compulsory introduction of CCA, described the ASC announcement as "a damp squib." A majority of chartered accountants are expected to support Mr. Haslem in demanding that CCA should never be made mandatory, at a special meeting of the English Institute of Chartered Accountants next Wednesday.

Mr. Haslem said yesterday that he did not think Mr. Douglas Morpeth would be able to continue as chairman of the Inflation Accounting Steering Group if his supporters win the vote at the special meeting.

He said Mr. Morpeth's handling of the CCA issue was one of the main reasons for the success of the revolt. "No one can say that he has handled it well," he added.

Mr. Haslem also objects to Mr. Kenneth Sharp, head of the Government Accountancy Service, heading the group which is working on CCA for smaller companies. "He should never have accepted the position," he declared.

The Confederation of British Industry, the Institute of Directors, and the Midlands Industry Finance Directors Group, were among the main bodies to express disappointment at the delays in the development of CCA.

# Shipyard nationalisation 'no jobs guarantee'

BY ROY ROGERS, SHIPPING CORRESPONDENT

NATIONALISATION of the shipbuilding industry will not guarantee employment for the 82,000 workers involved, warned Mr. Michael Casey, the new Corporation's chief executive.

He stressed, on the eve of vesting day, that while there were no plans for yard closures or redundancies, individual yards could not be protected from "market forces."

"If they run out of work I'm afraid there will be redundancies," he said, in what was probably his first public admission that jobs might be lost unless orders picked up considerably.

He was generally optimistic about the Corporation's chances of success with an "all-out drive" for new work to give a period of stability to plan for the future. He foresaw a difficult first two or three years.

The order book has improved a little this year, with almost as much new work in the first six months as in all last year. But even if the distorting effect of inclusion of a reactivated super-tanker order for Scott Lithgow and two gas-carriers for Harland and Wolff (State-owned but separate from British Shipbuilders) is ignored, order levels are only about a third of what is necessary to maintain the industry at its present size.

# Weather

U.K. TO-DAY

MOSTLY cloudy with rain.

London, S.E., Cent. S. England, E. Anglia, Midlands

Mostly dry, variable cloud, bright spells. Max. 20C (68F).

E. Cent., N., N.E. England

Cloudy, some rain or drizzle early. Max. 20C (68F).

Channel, S.W., N.W. England, Wales, Lakes, I. of Man

Cloudy, rain or drizzle. Max. 18C (64F).

Borders, Edinburgh, Dundee

Cloudy, occasional rain. Max. 18C (64F).

Aberdeen, Moray Firth, N.E. Scotland

Cloudy, rain and drizzle, brighter later. Max. 17C (63F).

W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland

Cloudy, some heavy rain. Max. 15C (59F).

Orkney, Shetland

Cloudy, rain. Max. 12C (54F).

Outlook: Most areas will have rain and sunny intervals but S.E. will be mostly dry.

Long range: Changeable. Short warm interludes are likely.

BUSINESS CENTRES

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Alexandria | C | 29 | 84 | Manchstr. | C | 16 | 61 |
| Amsterdm. | F | 20 | 68 | Melbourne | R | 9 | 48 |
| Athens | S | 27 | 81 | Milan | C | 20 | 68 |
| Bahrain | S | 35 | 95 | Montreal | S | 20 | 68 |
| Barcelona | F | 22 | 72 | Moscow | F | 21 | 70 |
| Beirut | F | 28 | 82 | Munich | R | 14 | 57 |
| Belgrade | F | 22 | 72 | Newcastle | C | 17 | 63 |
| Berlin | F | 19 | 66 | New York | S | 18 | 64 |
| Birmghm. | C | 16 | 61 | Oslo | C | 17 | 63 |
| Bristol | C | 18 | 64 | Paris | C | 18 | 64 |
| Brussels | C | 18 | 64 | Perth | R | 21 | 70 |
| B. Aires | S | 19 | 66 | Prague | C | 16 | 61 |
| Budapest | F | 24 | 75 | Reykjavik | F | 12 | 54 |
| Cardiff | C | 16 | 61 | Rio de J'o | S | 27 | 81 |
| Cologne | C | 19 | 66 | Rome | F | 25 | 77 |
| Copnhagn. | F | 18 | 64 | Singapore | S | 31 | 87 |
| Dublin | R | 15 | 59 | Stockholm | F | 17 | 63 |
| Edinburgh | F | 18 | 64 | Strasbrg. | R | 17 | 63 |
| Frankfurt | F | 21 | 70 | Sydney | C | 10 | 50 |
| Geneva | R | 17 | 63 | Tehran | C | 10 | 50 |
| Glasgow | F | 17 | 63 | Tehran | S | 34 | 94 |
| Helsinki | R | 16 | 61 | Tel Aviv | F | 27 | 81 |
| H. Kong | C | 30 | 86 | Tokyo | C | 25 | 77 |
| Jo'burg | C | 18 | 64 | Toronto | S | 21 | 70 |
| Lisbon | S | 28 | 82 | Vienna | C | 19 | 66 |
| London | F | 20 | 68 | Warsaw | [illegible] | [illegible] | [illegible] |
| Luxembg. | [illegible] | [illegible] | [illegible] | Zurich | [illegible] | [illegible] | [illegible] |
| Madrid | [illegible] | [illegible] | [illegible] | | | | |

HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | [illegible] | [illegible] | [illegible] | Istanbul | [illegible] | [illegible] | [illegible] |
| Algiers | [illegible] | [illegible] | [illegible] | Jersey | [illegible] | [illegible] | [illegible] |
| Bordeaux | [illegible] | [illegible] | [illegible] | Las Plms. | [illegible] | [illegible] | [illegible] |
| Boulogne | [illegible] | [illegible] | [illegible] | Locarno | [illegible] | [illegible] | [illegible] |
| Casablnca | [illegible] | [illegible] | [illegible] | Luxor | [illegible] | [illegible] | [illegible] |
| Cape Tn. | [illegible] | [illegible] | [illegible] | Malta | [illegible] | [illegible] | [illegible] |
| Corfu | [illegible] | [illegible] | [illegible] | Naples | [illegible] | [illegible] | [illegible] |
| Dubrovnik | [illegible] | [illegible] | [illegible] | Nice | [illegible] | [illegible] | [illegible] |
| Faro | [illegible] | [illegible] | [illegible] | Oporto | [illegible] | [illegible] | [illegible] |
| Florence | [illegible] | [illegible] | [illegible] | Rhodes | [illegible] | [illegible] | [illegible] |
| Funchal | [illegible] | [illegible] | [illegible] | Tangier | [illegible] | [illegible] | [illegible] |
| Guernsey | [illegible] | [illegible] | [illegible] | Tenerife | [illegible] | [illegible] | [illegible] |
| Innsbruck | [illegible] | [illegible] | [illegible] | Tunis | [illegible] | [illegible] | [illegible] |
| Inverness | [illegible] | [illegible] | [illegible] | Valencia | [illegible] | [illegible] | [illegible] |
| I. of Man | [illegible] | [illegible] | [illegible] | Venice | [illegible] | [illegible] | [illegible] |

C—Cloudy. F—Fair. R—Rain. S—Sunny. H—Hail.



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هكذا من الأصل